

EXECUTIVE BUDGET

Fiscal Year 2011

State of Michigan
Jennifer M. Granholm, Governor

Robert L. Emerson, State Budget Director

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JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 11, 2010

My Fellow Citizens:

Michigan is a state in economic transition. The old Michigan economy is gone, and we are moving to a new economy that requires knowledge, speed and efficiency.

Our economic plan continues to be creating jobs by diversifying our economy, educating children and adults for 21st century jobs and entrepreneurship, and helping people as they make the difficult transition from the old economy to the new.

The Fiscal Year 2011 Executive Budget recommendation helps facilitate our transition to the new Michigan economy. We will continue to cut spending. We are attacking the state's structural deficit and creating a smaller, nimbler state government more suited for the 21st century. We will restructure an antiquated tax system. And we will continue investing in job creation, education and assistance for those who need it most.

I have cut more state spending than any governor in Michigan history, having resolved more than \$10 billion in deficits since 2003. This budget includes more than half a billion dollars in additional cuts.

However, cuts alone cannot create the economic growth and jobs that Michigan needs. We must invest in the things most critical to attracting business investment. Despite state revenues that continue to decline, my budget recommendation maintains per pupil funding for K-12 education at the same level as in the current state budget. It also maintains funding for universities and community colleges at present levels, because these institutions play a critical role in educating and training our citizens for the new Michigan economy.

I am also restoring the Michigan Promise scholarship, converting it to a new, refundable \$4,000 tax credit available to any student who completes a college degree and works for one year in Michigan.

And although general fund support for the No Worker Left Behind and Michigan Nursing Corps programs has been eliminated, federal and other state support will continue to fund these and other critical career education and retraining programs.

My budget recommendation also maintains our commitment to protect Michigan's most vulnerable citizens. Medicaid provides children, the elderly and the disabled with basic physical and mental health services. In this tough economy, more children are at risk for abuse, so we will increase support for child protective services. Revenue sharing payments to cities, villages and townships, which support police and fire services, are maintained at current levels. And this budget maintains funding for Michigan State Police troopers at their present strength.

While continuing to address annual budget deficits, we must also attack the state's long-term structural deficit. Last month, I outlined 29 changes to state and local governments and our public schools to reduce costs and improve efficiency. My proposal included difficult, but necessary changes to retirement and health care benefits for state employees. With state revenue at the lowest level in 45 years, Michigan has to continue to reduce the size and the cost of the state workforce. My proposals will encourage eligible state employees to retire, and also reduce the state's employee health care costs.

Finally, we must modernize Michigan's outdated tax system. Michigan's sales tax was designed more than 40 years ago when most consumer spending was for the purchase of goods. Today, the purchase of services accounts for more than 66 percent of consumer spending. I am recommending that the existing sales and use tax rates be lowered from 6 to 5.5 percent while expanding the sales and use tax to consumer services. This additional revenue would go to the School Aid Fund to ensure we have the funding necessary for our children to receive the world-class education they need to compete in a global economy.

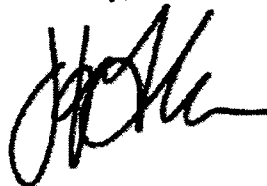
I also am calling for the elimination of the Michigan Business Tax surcharge. The surcharge will be cut in half in 2011 and completely phased out in 2012. The Michigan Business Tax was never designed to include a surcharge, and its elimination, along with additional phased reductions in the Michigan Business Tax gross receipts tax rate, will help Michigan businesses to better compete, invest and create jobs.

We also can create jobs and boost tourism by continuing our award-winning Pure Michigan advertising campaign through a new fee on rental cars as successfully implemented in other states. Tourism is one of the economic sectors we've been working to grow, and the Pure Michigan campaign has produced a solid return on investment: for every dollar invested in the ads, Michigan gets back \$2.23 in state tax revenues from tourists spending money here.

This budget reflects critical changes that we must make in state government: cut spending, fix the state's structural deficit, reform government and restructure our tax system. With this budget, we have prioritized investment in what's most important to the people of Michigan: creating jobs, educating our children and protecting the most vulnerable in our state.

This is the path forward for Michigan. By following it, we can survive the economic storm that presently engulfs us and make the transition to a new Michigan economy for the 21st century. If our children and grandchildren are to inherit a better Michigan, we must act now to transform our economy, our government and our tax system. With courage, strength and determination, we will do so.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Granholm', with a stylized, flowing script.

Jennifer M. Granholm
Governor

FISCAL YEAR 2011 EXECUTIVE BUDGET

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Budget Overview



MICHIGAN'S PATH FORWARD

Fiscal Year 2011 Executive Budget

Governor Jennifer M. Granholm's 2011 Executive Budget continues her administration's efforts to move Michigan forward with investments in education and comprehensive reforms that will help to address the current and future needs of nearly ten million citizens. This budget is focused on ensuring that our citizens' most important priorities – education, jobs, health care and protecting families – remain our collective pledge.

We are at a critical point in our state's history. Michigan's economy has undergone a fundamental transformation. Nearly a million jobs have been lost since the last decade began. Two of our major automotive companies have entered and emerged from bankruptcy. Other businesses continue to struggle in the midst of a prolonged national recession.

Michigan is not alone in facing these profound challenges, however, and is just one of many states dealing with the impacts of the worst economic downturn since the Great Depression.

The National Governors Association and the National Association of State Budget Officers (NASBO) report that states face \$256 billion in budget gaps between fiscal years 2009 and 2011, largely brought on by drastically reduced tax revenues.

" These are the worst numbers we've ever seen in the decades of putting together this report. States have been forced to lay-off and furlough employees, raise taxes, drain rainy day funds and sharply cut state spending . . . "

Scott D. Pattison, NASBO Executive Director, referring to The Fiscal Survey of States published in November 2009

And, yet, it is during this time of protracted economic crisis that the demand for state services is most critical.

Balancing the state budget in the face of falling state revenues, and the increased demand for services has been a foremost challenge. Governor Granholm has repeatedly cut spending, implemented efficiencies and enacted reforms to protect critical services. Even with these efforts, the state budget continues to present an on-going challenge.

Federal recovery assistance has stabilized the state budget in the short-term, and will continue at a reduced level in fiscal year 2011. These one-time resources will eventually run out, however, and the action policymakers take with respect to this budget will dictate how Michigan moves forward in the absence of these federal resources in the future.

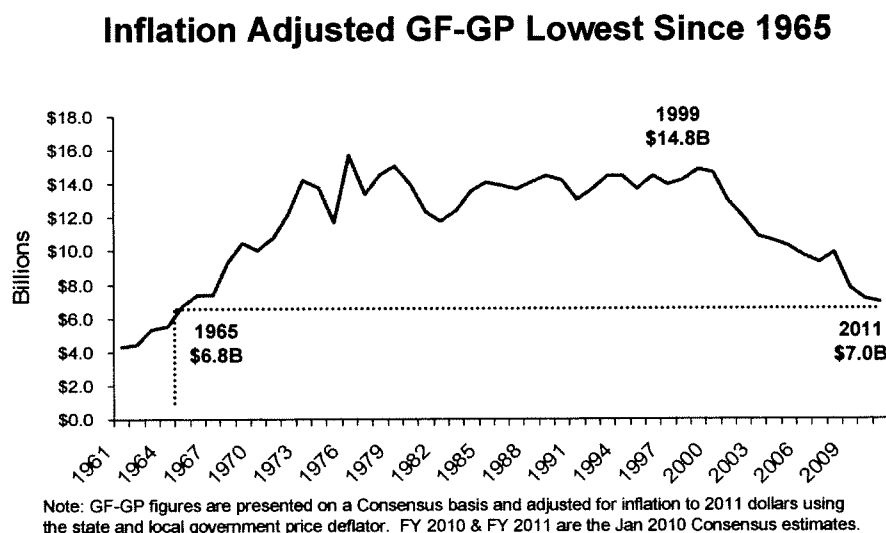
Governor Granholm, in her final budget, presents aggressive reforms that continue her commitment to education and provide for long-term savings to address the fiscal challenge and preserve the priorities that matter most to citizens.

This budget provides solutions that further reduce spending, implement additional government reforms, restructure an antiquated tax system, and help businesses to be more competitive. It provides for necessary investments in education to ensure our children's future and to prepare our citizens for new careers.

Michigan's Budget Challenge

Michigan has experienced unprecedented revenue declines in the wake of the national economic recession. Since 2002, state revenues adjusted for inflation have fallen by over 41 percent. General fund revenues in nominal terms have fallen back to 1991 levels, and, when adjusted for inflation, are consistent with revenue levels last seen in 1965 – a 46 year low.

Even as the national economy begins to show preliminary signs of recovery, experts indicate Michigan will not recover as quickly or completely as other states due to the significant transformational changes that have occurred to our economy. Consequently, state revenues are expected to continue to lag at these sharply reduced levels for a prolonged period.



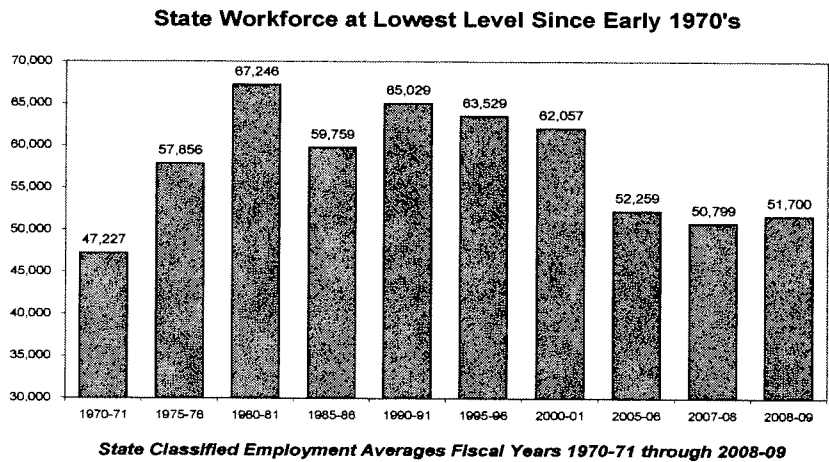
At the same time, unavoidable spending pressures continue, largely reflecting the demand for services from those citizens most directly impacted by the economic recession. Increased numbers of people eligible for Medicaid, growing family assistance caseloads, along with rising health care costs and pension obligations all contribute to the budgetary pressures.

Governor Granholm has taken significant steps to address Michigan's on-going budget challenge. Forty-seven executive directives have been issued to limit state spending. Over \$10 billion in budget deficits have been resolved. General fund expenditures are nearly 34 percent below the rate of inflation during the period from 2001 to 2010.

Eight prisons, 10 corrections camps, 6 residential care facilities and a state hospital have been closed. Five departments have been eliminated, including the Department of History, Arts and Libraries. Nearly 300 obsolete state boards and commissions have been trimmed, and support for the State Fairs in Detroit and Escanaba has been discontinued.

The Department of Corrections has achieved nearly \$600 million in savings and reforms, lowering the prison population largely due to a successful Michigan Prisoner Re-entry Initiative that is helping to reduce costly recidivism.

The state workforce has over 10,300 or 17 percent fewer employees than it did in 2001, and now has the lowest number of employees since 1973. Employees have contributed over \$650 million in economic concessions, including unpaid days off, increased health insurance premiums, and deferred pay, while workloads have increased.



Many of the recommendations of the Legislative Commission on Government Efficiency have already been adopted or are being implemented, including significant cost saving reforms in the areas of health care, employee benefits, service consolidations and operational efficiencies.

Additionally, over \$71 million in surplus state property has been sold. Lease savings of \$157 million have been achieved, and over 600,000 square feet of state office space has been consolidated. Energy usage in state facilities has been reduced by 23 percent. Contract savings have been negotiated with vendors. Enhanced recovery efforts have been implemented to combat fraud and abuse of state programs and to collect delinquent tax obligations. And, additional revenue has been provided through business and individual tax changes.

Despite all of these efforts, a budget imbalance remains that will not be completely resolved in this budget cycle or with a strategy that relies solely on a one-sided solution. It will require a comprehensive set of solutions – both short-term and long-term – to resolve this problem while continuing to meet the needs of Michigan's citizens.

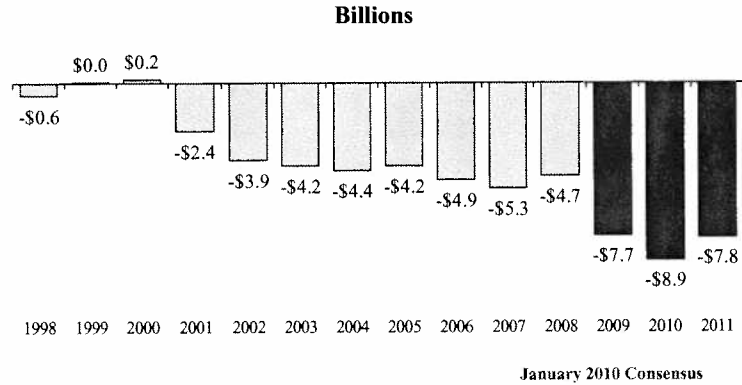
The fiscal year 2011 budget presented today is balanced, and should be supported with the confidence that it takes a fundamental step forward in addressing the budget challenges that remain. It offers stability for our schools so they can stay focused on the task of educating children. It provides for reforms that will make government more efficient and cost effective for the taxpayer in the long run, and through tax changes and restructuring, it creates a more conducive environment for businesses to grow and create jobs.

State Revenue Forecasting and Spending Limits

State law requires two revenue estimating conferences each year, typically held in mid-January and mid-May. Conferees include the State Treasurer and the directors of the Senate and House fiscal agencies. The conferees agree on baseline revenue estimates for the current year and the upcoming fiscal year for both the general fund and the School Aid Fund. The January conference provides the revenue estimates for the Governor's budget recommendation presented in February. For fiscal year 2011, the conferees project combined general fund and School Aid Fund revenues that total \$17.4 billion, a decline of \$839 million or 4.6 percent from fiscal year 2009.

Michigan has a constitutional provision that limits revenue growth from year to year. Michigan's constitutional limitation – commonly known as the Headlee amendment – has been in place since 1978. The Headlee amendment limits annual growth in state revenues to a level that cannot exceed the year-to-year growth in personal income. This limit is intended to ensure that the state's overall revenues, both tax and non-tax revenues, do not grow faster than the incomes of Michigan's citizens.

State Revenues are \$7.8 Billion Below the Constitutional Revenue Limit



It is anticipated that state revenues for fiscal year 2011 will be \$7.8 billion below the constitutional revenue limit. This gap has grown as a result of the economic downturn and is anticipated to widen further as currently enacted tax changes take effect in the next several years.

Fiscal Year 2010....Where We Stand

Like other states, Michigan's current year budget has relied heavily on economic recovery revenues provided by the federal government through the American Recovery and Reinvestment Act. This unprecedented assistance, over \$11.4 billion at last count, has come in the form of traditional formula programs, competitive grants, direct assistance to business and individuals, targeted investments in infrastructure and new technologies, and fiscal relief for state government and schools.

In fiscal year 2010, the general fund is supported with \$1.1 billion in economic recovery revenues. Likewise, the School Aid Fund is bolstered by \$450 million that has helped to keep teachers in the classroom.

The budget for the current year also contains spending cuts totaling over \$1.2 billion, resulting from dramatic reductions to mental health services, local revenue sharing, college scholarships, K-12 education and other important programs supporting state and local services.

As a result of the support from the federal government and the aforementioned reductions, both the general fund and the School Aid Fund are balanced in the current year. No action is necessary at this time to reduce the current year spending plan. Revenues and expenditures will be closely monitored during the remainder of the year and should the fiscal calculus warrant, adjustments will be proposed.

Fiscal Year 2011 Executive Budget Recommendation

The January Consensus Revenue Estimating Conference projected revenues will be \$6.97 billion for the general fund and \$10.48 billion for the School Aid Fund in fiscal year 2011.

As a result of unavoidable spending pressures and revenue projections that assume only modest growth from sharply reduced levels, the fiscal year 2011 budget begins with a combined general fund and School Aid Fund gap of \$1.5 billion.

Fiscal Year 2011 Revenue and Spending (\$ in millions)			
	GF/GP	School Aid Fund	Combined
Beginning Balance	\$34	\$79	\$113
Consensus Revenues	\$6,968	\$10,481	\$17,449
Revenue Sharing Savings	\$427	\$0	\$427
Use Tax - 2009 PA 106	\$355	\$0	\$355
Interfund Transfers	\$45	\$30	\$75
Federal Aid to Schools	\$0	\$1,863	\$1,863
Total Revenue Estimate	\$7,829	\$12,453	\$20,282
FY 10 Current Law Spending	\$8,128	\$12,824	\$20,952
Baseline Spending Adjustments			
Corrections Prison Increases	\$26	\$0	\$26
Replace FY 2010 Federal Stimulus Revenue	\$1,057	\$0	\$1,057
FY 2011 ARRA Funding (one quarter)	(\$208)	\$0	(\$208)
Community Health Baseline	(\$184)	\$0	(\$184)
Human Services Caseload/Costs	\$118	\$0	\$118
Federal Matching Rate Adjustments	(\$232)	\$0	(\$232)
Employee Economics	\$140	\$0	\$140
Other Cost Adjustments	\$71	\$39	\$110
Total Baseline Spending Estimate	\$8,916	\$12,863	\$21,779
Projected Funding Gap	(\$1,087)	(\$410)	(\$1,497)
Spending Reductions and Reforms	\$566	\$0	\$566
Revenue Adjustments and Reforms	\$12	\$562	\$574
FY 2011 Federal Stimulus (two additional quarters)	\$514	\$0	\$514
Total FY 2011 Funding Surplus	\$5	\$152	\$157

This budget assumes \$722 million for three quarters of federal recovery assistance that can be used to close this gap in fiscal year 2011 via an increase in the Federal Medical Assistance Percentage (FMAP) rate. Only one quarter of funds is presently guaranteed; funding for the additional two quarters are included in President Barack Obama's proposed fiscal year 2011 federal budget that is currently before Congress.

The Governor's budget proposes a number of comprehensive reforms and spending reductions, as well as the restructuring of an antiquated tax system to address the remaining budget shortfall. The Governor calls on the Legislature to give these critical reforms their quick attention in order to bring stability to schools and to avoid delay in implementing reforms that will generate long-term savings.

Transforming the Way Government Does Business

First, the Governor's budget recommendation builds on efficiencies already implemented, including new reforms in the areas of corrections, employee benefits and pensions, health care, government operations and the budget process.

- The budget reforms state and public school employee pension obligations in order to constrain costs and achieve savings of \$7.8 billion over 10 years by:
 - eliminating vision and dental coverage for future retirees;
 - requiring employee contributions to help offset growing pension obligations;
 - capping employee participation in the defined benefit retirement plans at thirty years, and thereafter transferring employees to a defined contribution plan;
 - modernizing the retirement system for new public school employees by combining the benefits of the traditional defined benefit and defined contribution plans into a new hybrid plan that will provide long-term savings to schools;
 - introducing a phased retirement option whereby an eligible employee can retire and receive pension benefits while continuing to work reduced hours for a limited period of time;
 - providing a modest incentive for employees eligible to retire;
 - limiting the number of new hires to permanently downsize state government.
- Recently negotiated employee concession agreements will implement additional long-term reforms. New employees hired after April 1, 2010, will assume an even greater share of health insurance costs under the new State Health Plan. The Governor also proposes that the Civil Service Commission allow schools and local governments to participate in this new cost-effective state plan.
- The budget assumes the elimination of the 3 percent salary increase due in fiscal year 2011 for non-exclusively represented employees, contingent upon approval of the Civil Service Commission on February 10, 2010. This elimination impacts approximately 27 percent of the state workforce.
- The Governor recommends sentencing reforms that will result in a reduced prisoner population, the closure of additional facilities and further operational efficiencies. These reforms reinstate a form of sentencing credit for good behavior and allow for reinstatement of community residential programs, a less costly alternative to prison incarceration for carefully screened offenders. The Governor recommends consideration and passage of House Bills 4497, 4498 and 4499 that implement these reforms.

- The recommendation continues implementation of child welfare reforms in the Department of Human Services to improve services for children and families, including hiring additional protective service caseworkers to ensure child safety. Eligibility for the foster care, adoption subsidy and subsidized guardianship programs will be extended from age 18 to 20. Upgrades to the child welfare information technology system will support outcome-based case management. With this recommendation, the Governor has committed over \$166 million to these improvements over the last four years.

- This budget restores the Michigan Promise, converting it to a new refundable \$4,000 tax credit for those who complete their degree and work for one year in Michigan. Also, the Michigan State Police Survivor Tuition Program is consolidated with other scholarship programs in the Department of Treasury.

"Our limited resources are further diminished by a state government that was designed in the 1960's. And that has to change."

Governor Jennifer M. Granholm
January 29, 2010

- The Governor's budget ends pharmaceutical immunity and allows Michigan residents to bring suit against a drug manufacturer for injury caused by a Federal Drug Administration approved pharmaceutical. Due to a 1996 law, Michigan is the only state that shields drug manufacturers from product liability. Settlement revenues generated by beneficiary lawsuits would offset Medicaid costs.
- A new Office of Health Services Inspector General is established to audit and investigate health care providers and Medicaid beneficiaries suspected of misusing Michigan's Medicaid program, with recoveries used to help offset medical services costs.
- A total of \$5 million in additional lottery revenue is generated for the School Aid Fund via expanded advertising, airport sales and more efficient claimant procedures. These funds are in addition to \$38 million in new revenues from the Powerball game that was recently introduced.
- The budget further streamlines state government by implementing Executive Orders 2009-45 and 2009-55 that combine the departments of Natural Resources and Environmental Quality, and the departments of Information Technology and Management and Budget.
- The consolidation of school services is recommended in order to reduce district operational costs, including: requiring competitive bidding on contracts; establishing statewide contracting and procurement consortiums; requiring sharing of non-academic services; improving the binding arbitration process; and allowing local governments and schools access to the state's new health care plan.

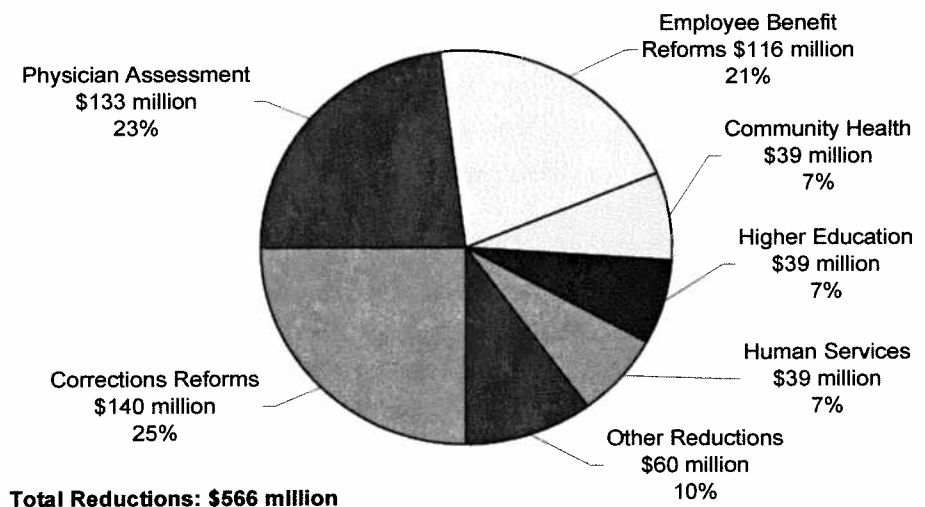
- The Governor also proposes budget process reforms to ensure the state budget is enacted on time, within available revenues, and that all spending, whether via the budget or tax code, is consistently reviewed by the Legislature. Specific reforms include:
 - instituting a 2-year budget beginning with fiscal year 2012;
 - requiring a June 30 deadline for completion of all legislative action on the budget, including the passage of all legislation needed to implement the budget;
 - requiring a two-year sunset for all tax expenditure credits; in the year that the Legislature is not enacting a budget, the Governor and Legislature would review, reauthorize or revise tax expenditures in a manner similar to the appropriations process;
 - instituting a “pay as you go” provision for all budget and tax expenditures and additional disclosure regarding the fiscal impacts of legislation;
 - requiring book closing of the previous fiscal year by December 31, and incorporating more long-term forecasting and additional major spending areas into the revenue consensus and budget process;
 - retaining the current revenue consensus process, but calling for three conferences per year: January, May and September.

Additional Spending Reductions

Second, the Governor recommends \$566 million in general fund spending reductions in fiscal year 2011, impacting every state department. These reductions include:

- \$140 million for corrections reforms that will reduce the prisoner population and allow for the closure of up to five additional facilities.
- \$133 million from a physician provider assessment that would increase state reimbursement rates to Medicaid participating physicians by 80 percent.
- \$116 million in employee benefit reforms that provide savings and help to ensure the Michigan State Employees’ Retirement System is fiscally sound, including \$98 million from pension reforms and \$18 million from the elimination of the 3 percent salary increase for non-exclusively represented employees.

Fiscal Year 2011 General Fund Reductions



The pension reforms are expected to result in the retirement of over 6,300 employees and the permanent downsizing of the state workforce.

- \$39 million in Higher Education resulting from the elimination of the Tuition Grant program for private college students and structural reforms to the Tuition Incentive program.
- \$39 million in Department of Community Health reductions, including increased nursing home transitions to community-based alternatives, service eliminations and enrollment freezes.
- \$39 million in the Department of Human Services reflecting program reductions and fund shifts to federal and other resources to help preserve critical services to families most in need.
- \$60 million in other reductions for state agencies, the legislature and the judicial branch.

The budget also includes \$475 million in spending reductions in the Department of Transportation to reflect available federal aid that will be lost to Michigan due to insufficient state transportation revenues. In total, \$528 million in federal funds are anticipated to be foregone by state agencies due to shrinking general fund and state restricted revenues that are limiting our ability to secure all available federal funds.

Tax Restructuring to Preserve Education and Create Jobs

Lastly, Governor Granholm proposes a significant restructuring of the tax system in order to address two fundamental issues confronting the state:

- School funding in fiscal year 2011 is inadequate, and without increased revenue the K-12 education system will face unavoidable additional cuts; and
- Michigan must fuel job creation and diversify the economy by making our state a more attractive place for business.

While Michigan's precipitous revenue declines are largely related to economic conditions resulting from the national recession, our antiquated tax system compounds the revenue loss and negatively impacts schools.

"Any serious stab at changing the state budget has to look at the receipts side of the ledger, too. Taxes need to be reformed. One solution with growing support is to expand sales taxes to services, the growing sector of the economy."

Grand Rapids Press Editorial Board
January 6, 2010

The existing tax system is based heavily on an industrialized economy that no longer exists. The trend over the last several decades in Michigan, and other states, is toward a more service-based economy. In 1950, the sale of services in Michigan accounted for only 40 percent of consumer spending, that figure has now grown to over 66 percent. Unfortunately, our tax system has not kept pace with these economic changes, and must be reformed in order to recognize consumer activity that is more reflective of a diverse and global economy.

To restructure the tax system, Governor Granholm recommends lowering the existing state sales and use tax rates from 6 to 5.5 percent, while expanding the sales and use tax to consumer services.

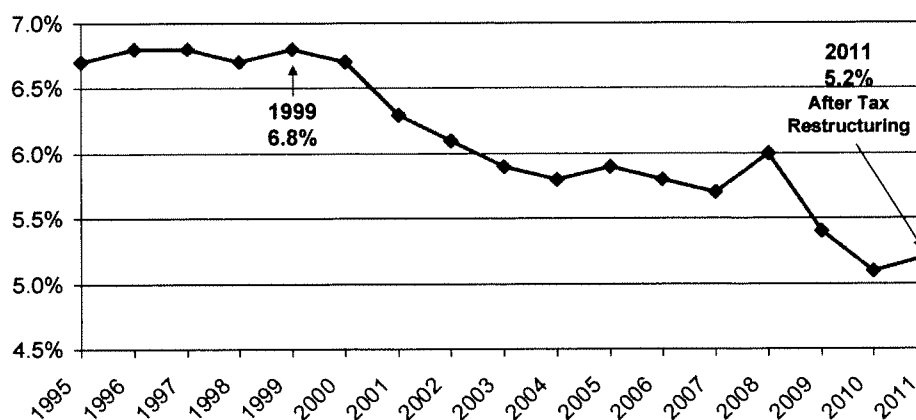
The restructured tax would include all consumer services, with exclusions for health care and social assistance, education, new construction, real estate and insurance commissions, and services directly connected to business operations.

The Governor's budget directs the revenue to the School Aid Fund to ensure we continue to invest in children and the educational priorities that will chart Michigan's path forward. These additional revenues will stabilize school financing in the short-term, providing a bridge while long-term reforms to school employee pensions and the consolidation of services take effect. Without these additional revenues, significant cuts to public schools will be unavoidable.

To spur job creation, Governor Granholm also calls for the elimination of the Michigan Business Tax (MBT) surcharge - cutting it in half in 2011, and phasing it out completely in 2012. The elimination of this surcharge along with additional phased reductions in the MBT's gross receipts tax rate from 0.8 to 0.6 percent (0.1 percent in 2012, and an additional 0.1 percent in 2013) will allow existing businesses to better compete, invest and create jobs. These tax cuts, totaling \$2.6 billion over the next four years, will also make Michigan an even more attractive destination for new businesses to locate.

Michigan currently ranks 31st, well below the national average, relative to tax revenue as a percent of personal income. In 1999, state revenues as a percent of personal income were 6.8 percent. In 2011, after enactment of the tax restructuring proposal, it will be only 5.2 percent.

GF-GP & SAF Taxes Decline as a Percent of Personal Income



The net revenue impact of this tax restructuring proposal is \$554 million in fiscal year 2011. This tax reform proposal is revenue neutral after the MBT surcharge and other tax changes are fully implemented.

Preserving our Priorities

Despite further spending cuts and aggressive reforms to address the budget imbalance, the Governor's budget continues to support critical services and the priorities that matter most.

Education, Training and Job Creation

The per pupil funding for K-12 education is maintained at fiscal year 2010 levels as a result of the Governor's tax restructuring reforms. The Great Start Readiness Program is also maintained, providing 28,000 academically at-risk children with preschool opportunities. Pension reforms will save \$5.8 billion for schools over 10 years, and although school funding is maintained at current levels in fiscal year 2011, these pension reforms will increase the spending power for schools long-term. In total, the Executive Budget contains \$12.9 billion to help fund our public schools, of which \$11 billion is state funds.

Funding totaling \$1.8 billion for university and community college operations is preserved at fiscal year 2010 levels as well, recognizing the critical role these institutions play in preparing our citizens for Michigan's new economy.

Although general fund resources for the No Worker Left Behind and Michigan Nursing Corps programs are eliminated, over \$648 million for these and other critical career education and re-training programs will continue to be available to address workforce needs with federal and other state support.

Funding for the 21st Century Jobs Fund is maintained at \$75 million to support job creation in the growing economic sectors of renewable energy, life sciences, homeland security and advanced manufacturing.

A total of \$13 million is added for the Pure Michigan campaign supported with rental car fees; a new funding source for this popular and effective tourism promotion program. The Governor calls on the Legislature to take action on House Bill 5017 that provides for this new funding.

"Government cannot afford to be all things to all people but must focus on the things that matter most: job creation, education and providing critical services to those most in need."

Governor Jennifer M. Granholm
January 29, 2010

Health Care and Protecting Families

Medicaid for Michigan residents is funded at \$11.5 billion, providing basic physical and mental health services to the poor, the elderly and the disabled. Currently, 1 in 6 Michigan residents receives health care through this program.

Improvements in Michigan's child welfare system are funded at \$39 million in fiscal year 2011. These funds support additional child welfare staff, a federally-required children's services automation system, and extending benefits to age 20.

To help cash assistance recipients prepare for the job market, \$33 million is invested over two years in the JET Plus program. These funds will focus on basic education and will help Family Independence Program recipients obtain employment.

The federally-funded Food Assistance Program will continue to increase to almost 2 million recipients in fiscal year 2011, representing 1 out of every 5 Michigan residents.

Revenue sharing payments to cities, villages and townships are maintained at the fiscal year 2010 levels. The Governor continues her commitment to restore county revenue sharing payments by including \$115 million to fully fund the 38 counties eligible in fiscal year 2011.

The budget maintains funding for Michigan State Police troopers at current strength, provides \$36.9 million for state crime laboratories, and recommends a fiscal year 2010 supplemental of \$2.5 million in order to reduce forensic case backlogs.

Conclusion

We are at a critical point in Michigan's history. The challenges faced by our citizens, businesses, state and local governments are unprecedented. Yet out of this challenge comes the opportunity for a New Michigan. To ensure that we emerge from this period a stronger, more competitive, more financially stable state will require focus, discipline and a willingness to make tough decisions.

Governor Granholm's fiscal year 2011 budget provides a comprehensive set of recommendations that further reduce spending, provide for additional government reforms, restructure an antiquated tax system, and help businesses to be more competitive. It provides for significant investments in education to stabilize school financing and ensure our children's future. It represents the fiscal discipline that is required to address the state's budget challenges, while continuing to provide the services citizens need most. This budget is the right solution for Michigan, and it sets us on the right path forward.

Department Detail

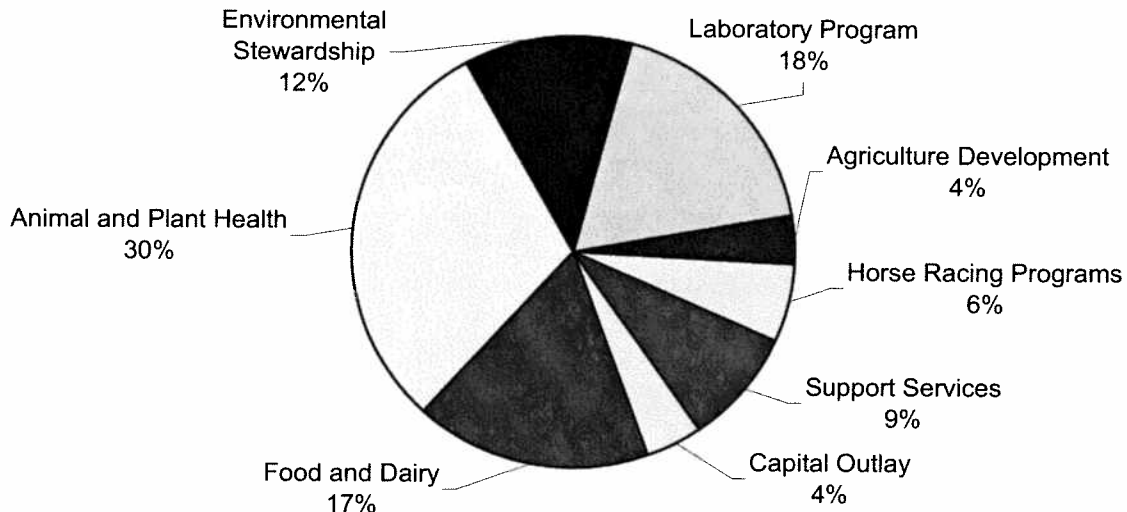
Agriculture	B	1
Community Colleges	B	3
Community Health	B	5
Corrections	B	9
Education	B	13
Energy, Labor and Economic Growth	B	15
General Government	B	17
Higher Education	B	27
Human Services	B	29
Judiciary	B	33
Military and Veterans Affairs	B	35
Natural Resources and Environment	B	37
Revenue Sharing	B	39
School Aid	B	41
State Police	B	43
Transportation	B	45



Department of Agriculture

The Department of Agriculture (MDA) provides services to the Michigan food and agriculture community through a variety of food safety, environmental protection, and animal and plant health programs. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$77.7 million, of which \$28.8 million is general fund.*

Department Programs Protect Public Health and the Environment



Total: \$77.7 million

Highlights of Governor's Budget Recommendation for the Department of Agriculture

- The Executive Recommendation includes \$23.4 million for plant and animal health, welfare, and disease response.
- Food safety and consumer protection programs are funded at \$13.2 million.
- The Executive Budget includes \$9.3 million for environmental stewardship and protection efforts to help farmers and homeowners reduce risks of groundwater contamination from pesticides and fertilizer.
- The horse racing program, which is self supporting, is funded at \$5.1 million. The Office of Racing Commissioner, overseeing the horse racing program, is transferred to the Gaming Control Board.
- Nearly \$3.3 million is earmarked for grants to farmers and other property owners for the purchase of development rights and easements.
- Over \$2.9 million is included to promote Michigan agricultural products.
- Inspection fees are proposed to maintain safety in two areas. A migrant labor housing inspection fee will be utilized to inspect housing for migrant workers who harvest and process Michigan crops. A dairy inspection fee is proposed to ensure health sanitation in milk production and processing.

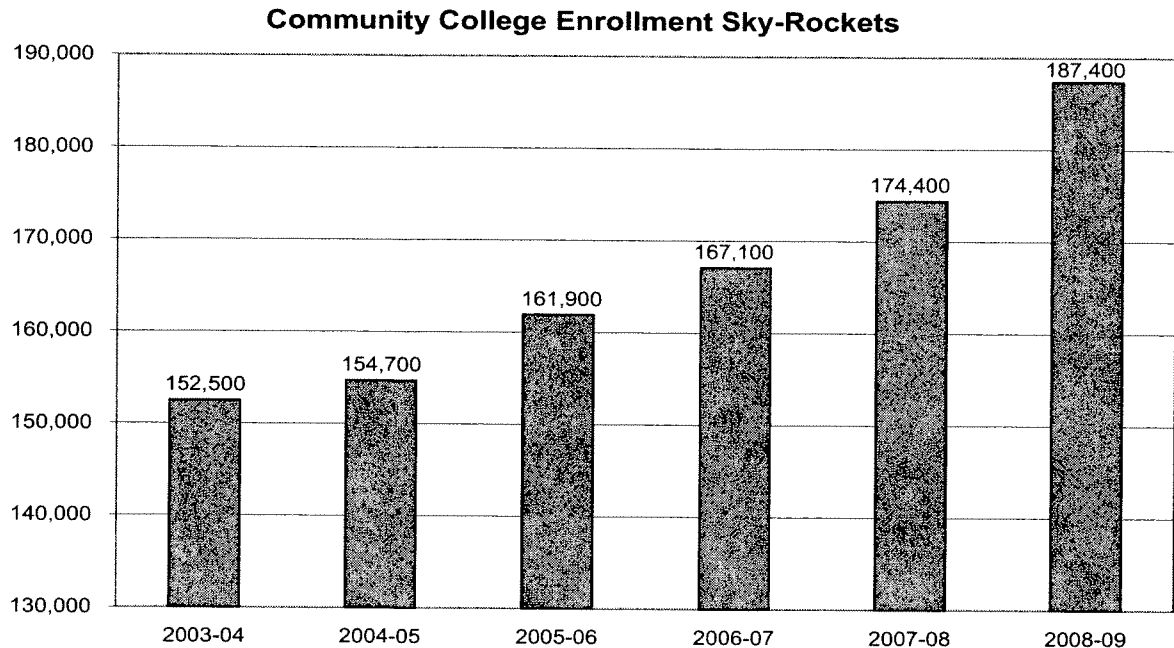
Fiscal Year 2011 Governor's Recommendation
Department of Agriculture
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
GF/GP	\$30,050.5	\$28,828.7
All Funds	\$80,369.0	\$77,677.8
	% Change - GF/GP	-4.1%
	% Change - All Funds	-3.3%

Programs	GF/GP	All Funds
Laboratory Program	\$2,561.8	\$13,899.6
Pesticide and Plant Pest Management	\$3,830.2	\$13,757.9
Food and Dairy	\$8,871.7	\$13,159.9
Animal Industry	\$8,053.8	\$9,598.8
Environmental Stewardship	\$718.6	\$9,335.7
Support Services	\$4,487.3	\$6,610.1
Horse Racing Programs	\$0.0	\$5,093.9
Farmland and Open Space Preservation	\$0.0	\$3,300.0
Agriculture Development	\$305.3	\$2,921.9
Total FY 2011 Recommendation	\$28,828.7	\$77,677.8

Community Colleges

Michigan's 28 community colleges provide residents with affordable access to postsecondary education opportunities. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$299.1 million, all general fund.*



Highlights of Governor's Budget Recommendation for Community Colleges

- Funding for each community college is maintained at the fiscal year 2010 level. Operations support for the 28 colleges totals \$292.6 million.
- Funding of \$3.3 million is recommended to assist academically at-risk students.
- A total of \$3.2 million is recommended to reimburse colleges that lose property tax revenue as a result of the establishment of Renaissance Zones.

FY 2011 Community College Operations Funding (\$ in Thousands)			
Alpena Community College	\$5,126.1	Mid Michigan Community College	\$4,289.2
Bay de Noc Community College	5,178.4	Monroe County Community College	4,142.8
Delta College	13,751.6	Montcalm Community College	2,981.6
Glen Oaks Community College	2,304.8	C.S. Mott Community College	15,016.4
Gogebic Community College	4,275.2	Muskegon Community College	8,518.6
Grand Rapids Community College	17,219.8	North Central Michigan College	2,893.6
Henry Ford Community College	20,898.9	Northwestern Michigan College	8,682.0
Jackson Community College	11,542.3	Oakland Community College	20,133.7
Kalamazoo Valley Community College	11,888.6	St. Clair County Community College	6,729.8
Kellogg Community College	9,311.8	Schoolcraft College	11,767.0
Kirtland Community College	2,842.8	Southwestern Michigan College	6,276.9
Lake Michigan College	5,012.1	Washtenaw Community College	12,149.0
Lansing Community College	29,762.5	Wayne County Community College	15,889.9
Macomb Community College	31,773.9	West Shore Community College	2,198.5

Fiscal Year 2011 Governor's Recommendation Community Colleges (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$299,360.5	\$299,100.5
All Funds	\$299,360.5	\$299,100.5
	% Change - GF/GP	-0.1%
	% Change - All Funds	-0.1%

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Department of Community Health

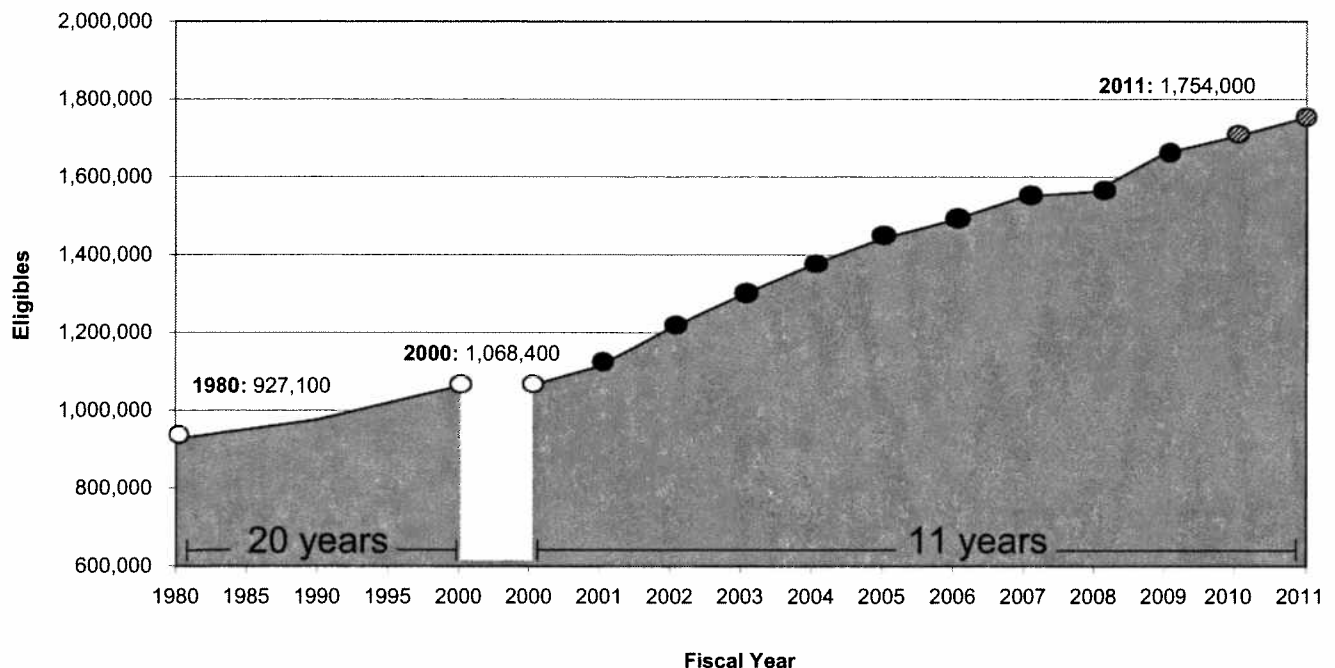
The Department of Community Health (DCH) is responsible for health policy and management of the state's publicly funded health care systems. These programs include Medicaid health coverage for those with limited incomes; mental health services for people who have a mental illness or developmental disability; services for individuals who need substance abuse treatment; and services provided through local public health programs. The department also provides services to promote the independence and preserve the dignity of Michigan's elderly through the Office of Services to the Aging. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$14.4 billion, of which \$2 billion is general fund.*

Highlights of Governor's Budget Recommendation for DCH

Medical Services

- The DCH budget recommends \$7.3 billion for medical services and \$2.1 billion for the long term care portion of the Medicaid program. This represents a 14.3 percent increase over fiscal year 2010 due to actuarial soundness requirements, caseload increases, utilization/inflation and special provider payments. Medicaid provides health care services for one out of every six Michigan residents.
- \$137.2 million is added to the Medicaid budget for increases in the number of Medicaid recipients and increased utilization of services.

Medicaid Serves Over 1.7 Million People

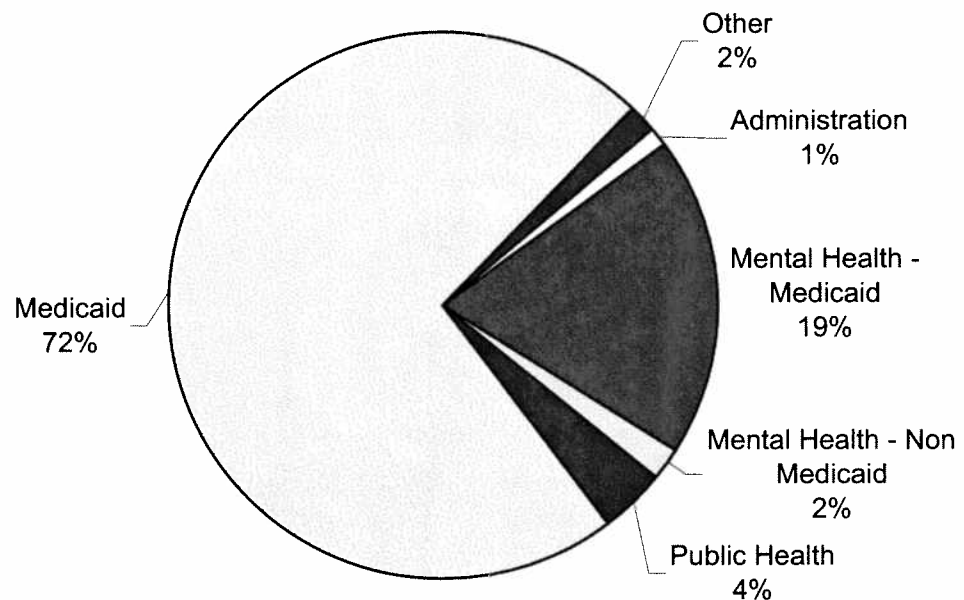


**From 1980 to 2000, Medicaid caseload increased by 15%.
From 2000 to 2011, Medicaid caseload increases by 65%.**

- \$73.7 million is added to increase payment rates to Health Maintenance Organization providers.
- \$526.3 million is invested in community-based long term care services. The DCH budget continues to move the elderly and disabled from nursing homes to home care, resulting in savings of \$19.7 million in fiscal year 2011. This successful initiative has already saved \$35 million since 2008. While nursing homes provide a valuable and necessary service for those with high care needs, home care can provide alternatives that meet client needs in a less costly community setting.
- \$137 million is allocated to fund the Adult Benefits Waiver program that provides basic health coverage to low-income childless adults.
- The DCH budget proposes a physician provider assessment to increase the state reimbursement rates to Medicaid participating physicians by 80 percent, saving \$133 million general fund while earning additional federal revenue.
- The Medicaid budget assumes \$709.4 million in general fund savings due to an enhanced federal Medicaid matching rate for three quarters of the fiscal year. The American Recovery and Reinvestment Act of 2009 authorized an enhanced rate for the first quarter of fiscal year 2011.

Based on actions now pending in Washington D.C., this budget assumes that the enhanced matching rate will be available for two additional quarters. These federal funds allow Michigan to preserve basic medical programs and services for low-income families and individuals in a difficult budget year.

Medicaid Makes up 91% of DCH Budget



Total: \$14.4 billion

Mental Health Services

- Mental health services are funded at \$2.9 billion gross, \$1 billion general fund, consisting of:
 - \$2.6 billion to provide community mental health services, including \$60 million to increase provider payment rates. Savings of \$11.3 million is achieved from reductions to community mental health administration and substance abuse services.
 - Funding for state operated psychiatric hospitals and centers of \$252 million.
 - \$51 million to provide forensic mental health services to prisoners incarcerated in Department of Correction facilities.

Other Medical Services

- \$529.7 million is invested in health promotion and disease prevention programs, including \$46.5 million in grants to local public health departments. Savings of \$2.7 million is achieved from reductions in local public health operations.
- Children's Special Health Care Services is supported with \$236.1 million to provide medical care and treatment for children with special health care needs.

Reform Proposals

- Reforms in the DCH budget will achieve savings of \$7.7 million in fiscal year 2011 and savings of over \$50 million by 2015. Proposals include an independent Office of Health Services Inspector General to identify and recover Medicaid waste and fraud; increasing Medicaid recoveries of overpayments; and ending immunity for drug manufacturers that produce harmful medications.

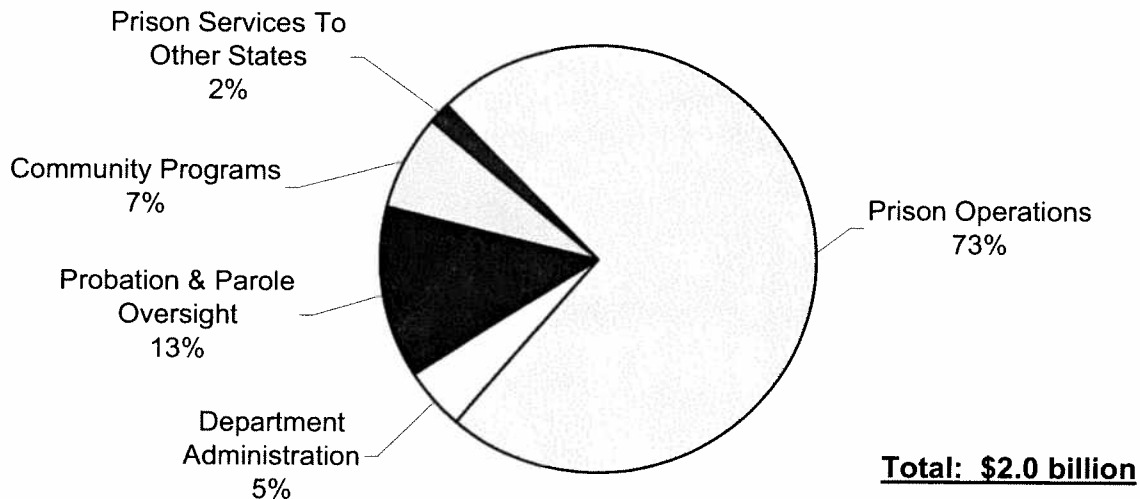
Fiscal Year 2011 Governor's Recommendation
Department of Community Health
(\$ in Thousands)

	FY10 Current Law*	FY11 Recommendation
GF/GP	\$2,304,602.5	\$2,016,461.8
All Funds	\$13,073,089.3	\$14,396,931.0
	% Change - GF/GP	-12.5%
	% Change - All Funds	10.1%
Programs	GF/GP	All Funds
Medicaid		
Medicaid Fee for Service	\$465,098.5	\$5,584,141.9
Medicaid Managed Care Services	\$231,797.1	\$4,371,469.1
Children's Special Health Care Services	\$89,864.4	\$248,073.3
Federal Medicare Pharmaceutical Program	\$20,945.8	\$180,945.8
Medicaid Adult Benefits Waiver	\$23,117.7	\$104,856.8
Mental Health - Medicaid	\$740,916.1	\$2,681,504.1
Mental Health - Non-Medicaid	\$283,912.6	\$283,912.6
Public Health	\$48,467.5	\$529,657.0
Administration	\$63,933.9	\$176,873.7
Other		
Office of Services to the Aging	\$27,566.4	\$90,827.0
Health Policy, Regulation & Professions	\$8,568.4	\$65,448.5
Information Technology Services	\$12,273.4	\$52,165.3
Crime Victim Services	\$0.0	\$27,055.9
* Adjusted for program transfers		
Total FY 2011 Recommendation	\$2,016,461.8	\$14,396,931.0

Department of Corrections

The Department of Corrections ensures public safety by providing custody and care for incarcerated felons while maintaining oversight and supervision of parolees and felony probationers. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$2.0 billion, of which \$1.9 billion is general fund.*

As Prisoners are Released on Parole, Department Costs are Shifting From Prison Operations to Parole / Probation Oversight



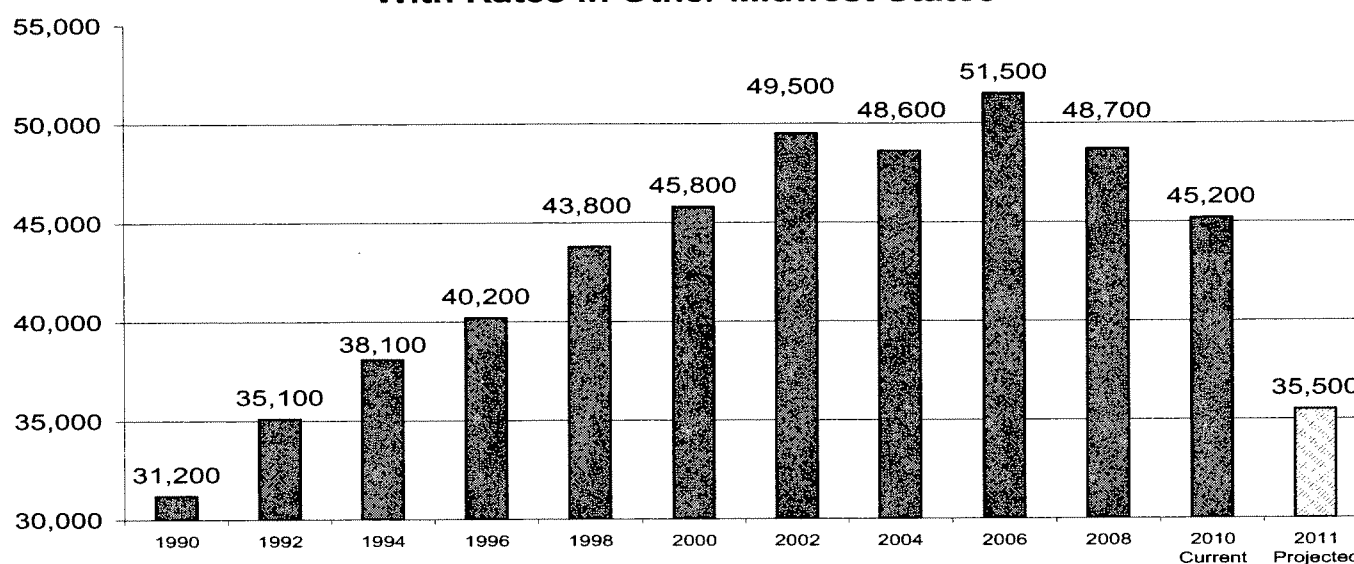
Reform Savings in Governor's Recommendation for the Department of Corrections

The Governor recommends \$139 million in net savings from the adoption of sentencing reforms that will result in a reduced prisoner population and the closure of department facilities, as well as cost reductions that will be achieved through the implementation of operational efficiencies. The proposal builds on the administration's successful efforts at controlling corrections costs via the targeted use of parole policy in conjunction with Michigan Prisoner Re-entry Initiative programming. Notably, from fiscal year 2003 through fiscal year 2010, nearly \$600 million in reductions have been identified in the Department of Corrections' budget. It is anticipated that the cumulative savings from the recommended sentencing reforms would accrue to an additional \$700 million over five years.

- The Governor recommends consideration and passage of House Bills 4497, 4498, and 4499. The bills reinstate a form of sentencing credit for good behavior in prison to apply to existing and future inmates. The bills also allow for reinstatement of the Community Residential Program where strict criteria would be utilized to allow a specified amount of offender time to be served under electronic monitoring outside of prison in certain circumstances. Combined, these changes are anticipated to reduce the prison population by approximately 7,500 within four to six months of enactment. Enactment of this bill package by June 2010 would result in the closure of 4 to 5 prisons starting in October 2010 and generate net savings of \$129 million. Investments in additional technology, parole staffing, and re-entry services are included in the Executive Recommendation.

- The Executive Recommendation includes \$4.6 million in cost savings in healthcare. Efficiencies will be identified through review and revision of the pharmacy formulary with practitioner education and adjustment in prescriber practices.
- Efficiencies of \$4 million are identified through commencement of a department-wide supply chain transformation strategy. Hundreds of business process improvements have been identified in areas such as prisoner transportation, warehouse operations, and food service.
- Savings of \$1.4 million have been identified in contract efficiencies, information technology rate reductions, and other adjustments.

**Prison Population Decreasing to Compare
With Rates in Other Midwest States**



Additional Highlights of Governor's Budget Recommendation

- The Executive Budget includes \$1.4 billion in funding to operate a safe and secure prison system that currently houses 45,200 prisoners.
- The Governor recommends \$3.2 million in additional funding for more parole officers in order to provide increased oversight of sex offenders released on parole.
- The Governor also recommends the addition of \$1.2 million in funding for community corrections programs to provide local alternatives to more costly prison incarceration. The Executive Budget includes over \$143 million in community programs.
- The Executive Budget includes funding authorization to operate Muskegon Correctional Facility for over 1,300 prisoners from the State of Pennsylvania. Pennsylvania will pay the full cost of operation. This mutually beneficial arrangement between the states will allow Pennsylvania to reduce its overcrowded prison system and save approximately 240 jobs in Michigan. A fiscal year 2010 supplemental is also requested in order to commence transfer of inmates from Pennsylvania as soon as February 2010.

Fiscal Year 2011 Governor's Recommendation Department of Corrections (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$1,903,641.9	\$1,875,904.5
All Funds	\$1,956,122.8	\$1,967,197.8
	% Change - GF/GP	-1.5%
	% Change - All Funds	0.6%

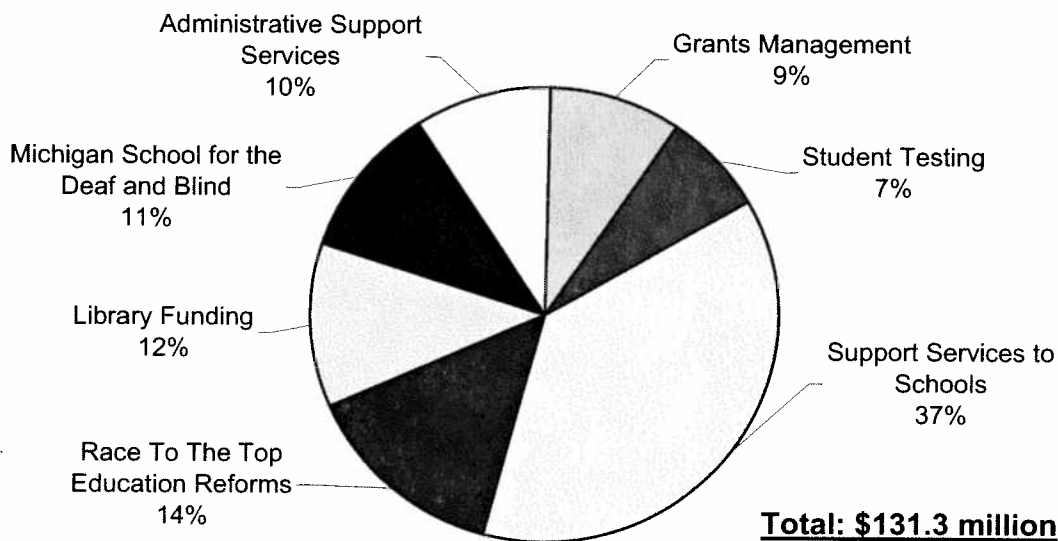
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Department of Education

Leadership for Michigan's public education system is vested by the Constitution in the elected members of the State Board of Education. The State Board of Education and the Department of Education are focused on improving student achievement in order to prepare Michigan's students to compete in a global economy. The department distributes nearly \$13 billion of state and federal funding to the state's public schools. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$131.3 million, of which \$20 million is general fund.*

Department Budget Funds a Variety of Educational Support Services



Highlights of Governor's Budget Recommendation for the Department of Education

- The Governor recommends \$83.4 million for state oversight of education programs, including special education, teacher preparation, early childhood services, student testing, and school improvement activities.
- The Executive Budget contains \$14.1 million to operate the Michigan School for the Deaf and Blind.
- The Governor proposes \$15.1 million to support public libraries, including the Library of Michigan.
- In December 2009, the Legislature enacted major school reform legislation. The Executive Budget includes \$18.7 million to begin implementing these reforms, including support for a new school reform/redesign officer, oversight of the new schools of excellence, development of assessments that measure each student's knowledge growth in each grade, correlation of student achievement to individual teachers, creation of a new alternative process for teacher certification, and oversight of the required school administrator certification program.

Fiscal Year 2011 Governor's Recommendation Department of Education (\$ in Thousands)		
	FY10 Current Law*	FY11 Recommendation
GF/GP	\$19,429.6	\$20,011.9
All Funds	\$113,354.7	\$131,286.0

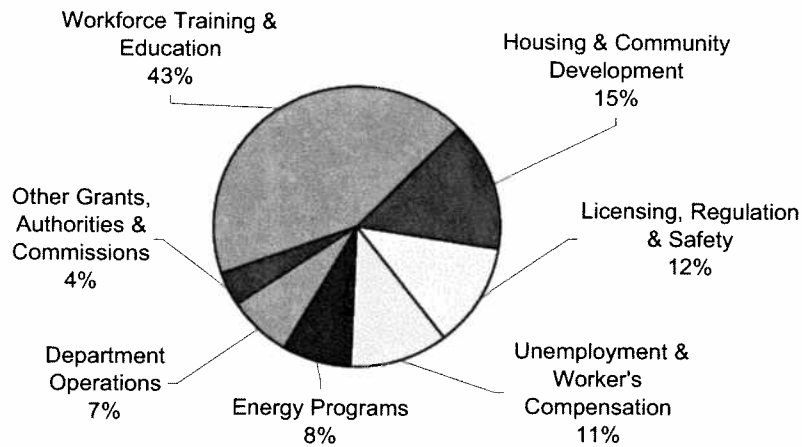
% Change - GF/GP	3.0%
% Change - All Funds	15.8%

Programs	GF/GP	All Funds
Support Services to Schools	\$3,311.9	\$49,263.5
Race To The Top Education Reforms	\$1,715.9	\$18,715.9
Library Funding	\$9,578.8	\$15,140.6
Michigan School for the Deaf and Blind	\$0.0	\$14,104.4
Administrative Support Services	\$5,071.1	\$12,644.0
Grants Management	\$334.2	\$11,765.1
Student Testing	\$0.0	\$9,652.5
*Adjusted for program transfers		
Total FY 2011 Recommendation	\$20,011.9	\$131,286.0

Department of Energy, Labor and Economic Growth

The Department of Energy, Labor and Economic Growth (DELEG) serves a key role in Michigan's transition to a new economy by implementing workforce training initiatives and promoting renewable energy resource development throughout the state. *The Governor's proposed budget for fiscal year 2011 recommends \$1.5 billion, of which \$45.4 million is general fund.*

DELEG Fosters Economic Growth Through Workforce Training Initiatives



Total: \$1.5 billion

Highlights of Governor's Budget Recommendation for DELEG

- The Governor allocates \$648 million, an increase of \$34.6 million, to help Michigan workers compete in the global marketplace through skills training and education initiatives, especially in the healthcare, advanced manufacturing, and alternative energy fields.
- The revitalization of Michigan neighborhoods will continue with \$219.1 million dedicated for housing and community development activities, which includes an increase of \$10.9 million in federal funds to support low-income rental assistance activities.
- The Executive Budget maintains over \$125 million for energy efficiency and utility regulatory programs, including \$90 million in Low-Income Energy Efficiency grants to provide emergency utility shut-off protection and promote statewide energy efficiency.
- The State Fire Services Fund proposed in House Bill 4026 will replace general fund spending of \$2.6 million in the Bureau of Fire Services; this new fund will reform the way the state pays for fire safety services by authorizing a fee schedule directly related to the costs of such services.
- The Executive Budget redirects \$5 million in federal Workforce Investment Act funds to the Michigan Nursing Corps to increase support for nurse educator training and save \$300,000 in general fund spending.
- To further balance the general fund budget, the Governor recommends reductions totaling \$7.1 million in workforce training and welfare-to-work programs.

**Fiscal Year 2011 Governor's Recommendation
Department of Energy, Labor and Economic Growth**

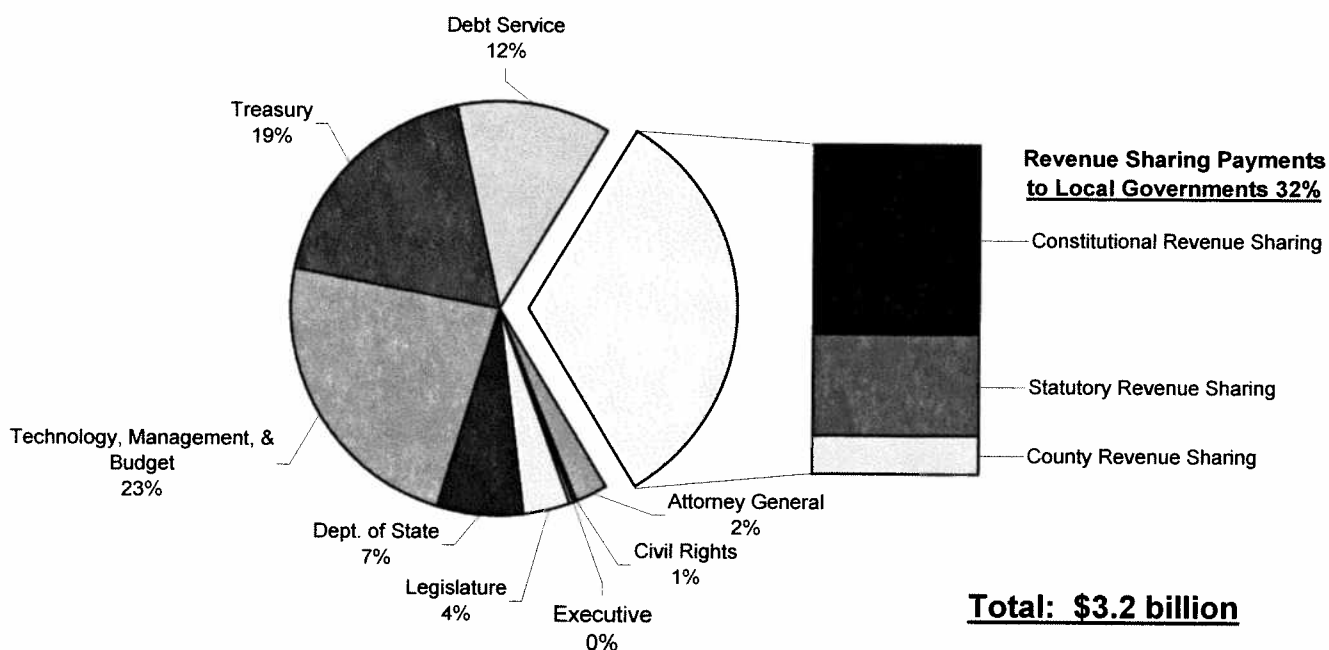
	FY10 Current Law	FY11 Recommendation
GF/GP	\$54,784.1	\$45,426.7
All Funds	\$1,462,857.2	\$1,496,943.8
	% Change - GF/GP	-17.1%
	% Change - All Funds	2.3%

Programs	GF/GP	All Funds
Workforce Training and Education	\$28,747.3	\$648,060.1
Housing and Community Development	\$0.0	\$219,101.6
Licensing, Regulation and Safety	\$0.0	\$175,865.6
Unemployment and Worker's Compensation	\$8,170.3	\$169,893.2
Energy Programs	\$0.0	\$125,129.1
Department Operations	\$1,809.2	\$96,708.0
Other Grants, Authorities and Commissions	\$6,699.9	\$62,186.2
Total FY 2011 Recommendation	\$45,426.7	\$1,496,943.8

General Government

The general government agencies are responsible for balancing the state's checkbook; managing the workplaces, tools and equipment of state government; offering services to the residents of Michigan; promoting innovative technology to ensure efficiencies in state government; overseeing the equitable and individual rights of all citizens; and managing the legislative and executive branches of government. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$3.2 billion, of which \$1 billion is revenue sharing payments to local units of government.*

Revenue Sharing Payments to Local Governments are Largest Share of General Government Budget



Highlights of Governor's Budget Recommendation for general government agencies

- The Governor's budget provides \$1 billion for revenue sharing payments to local units of government.
- The budget also includes \$380.3 million for debt service payments to meet the state's bond obligations.
- With the 2010 consolidation of the departments of Information Technology and Management and Budget, \$737.7 million is included for the new department to provide state-wide business and information technology services to state agencies. Consolidation savings of \$730,000 are achieved for the first full year of the new agency.
- The budget provides \$414.8 million for the Department of Treasury to administer the state tax system and invest state funds. An additional \$169 million for the Michigan Strategic Fund will support promotion of business investment, entrepreneurial growth, and tourism in Michigan.

- The Governor's recommendation also supports \$212.6 million for the Department of State to administer Michigan's motor vehicle programs and supervise state elections.
- Legislative functions are supported with \$102.1 million for the Legislature and legislative staff, and \$14.5 million for the Legislative Auditor General.
- The budget contains \$74.9 million for the Department of Attorney General to preserve and uphold the state's legal interests; provide legal services to state officials and agencies; and investigate consumer complaints.
- The Governor recommends \$13.1 million for the Department of Civil Rights to investigate and resolve discrimination complaints by Michigan citizens.
- The constitutional responsibilities of the Governor and her immediate staff are funded with \$4.6 million.

Fiscal Year 2011 Governor's Recommendation Department of Attorney General (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$28,785.0	\$29,168.0
All Funds	\$73,873.6	\$74,877.1
	% Change - GF/GP	1.3%
	% Change - All Funds	1.4%

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Fiscal Year 2011 Governor's Recommendation Department of Civil Rights (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$11,706.4	\$11,279.1
All Funds	\$13,763.7	\$13,082.1
	% Change - GF/GP	-3.7%
	% Change - All Funds	-5.0%

[illegible]

Fiscal Year 2011 Governor's Recommendation Executive Office (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$4,823.7	\$4,630.8
All Funds	\$4,823.7	\$4,630.8
	% Change - GF/GP	-4.0%
	% Change - All Funds	-4.0%

[illegible]

Fiscal Year 2011 Governor's Recommendation Legislative Auditor General (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$11,619.8	\$11,155.0
All Funds	\$14,961.2	\$14,496.4
	% Change - GF/GP	-4.0%
	% Change - All Funds	-3.1%

Programs	GF/GP	All Funds
Office of the Auditor General	\$11,155.0	\$14,496.4
Total FY 2011 Recommendation	\$11,155.0	\$14,496.4

Fiscal Year 2011 Governor's Recommendation
Legislature
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
GF/GP	\$104,764.9	\$100,574.3
All Funds	\$106,274.7	\$102,084.1
	% Change - GF/GP	-4.0%
	% Change - All Funds	-3.9%

Programs	GF/GP	All Funds
House of Representatives	\$43,243.3	\$43,243.3
Senate	\$28,632.0	\$28,632.0
Legislative Council	\$10,628.1	\$11,028.1
Property Management	\$11,793.3	\$11,793.3
Legislative Retirement System	\$3,424.1	\$4,533.9
House Fiscal Agency	\$2,897.3	\$2,897.3
Senate Fiscal Agency	\$2,897.3	\$2,897.3
Non-specified Legislative Reductions	(\$2,941.1)	(\$2,941.1)
Total FY 2011 Recommendation	\$100,574.3	\$102,084.1

Fiscal Year 2011 Governor's Recommendation Department of State (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$17,955.4	\$14,179.2
All Funds	\$209,130.2	\$212,567.3
	% Change - GF/GP	-21.0%
	% Change - All Funds	1.6%

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Fiscal Year 2011 Governor's Recommendation
Department of Technology, Management, and Budget
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
Department GF/GP	\$58,203.7	\$57,475.4
State Building Authority GF/GP	\$235,370.6	\$245,370.6
Gubernatorial Transition GF/GP	\$0.0	\$1,500.0
Department All Funds	\$728,312.9	\$736,193.6
State Building Authority All Funds	\$235,370.6	\$245,370.6
Gubernatorial Transition All Funds	\$0.0	\$1,500.0
	% Change - Dept. GF/GP	-1.3%
	% Change - Dept. All Funds	1.1%

Programs	GF/GP	All Funds
Technology Services	\$0.0	\$417,731.7
State Building Authority Debt Payments	\$245,370.6	\$245,370.6
State-Owned and Leased Building Operations	\$1,225.4	\$91,633.1
Civil Service Commission	\$22,617.7	\$66,779.7
Motor Vehicle Fleet	\$0.0	\$57,226.2
Business and Department Support	\$10,607.3	\$41,240.2
Departmental Information Technology Services	\$9,857.2	\$25,135.1
Retirement Services	\$0.0	\$18,119.4
Budget and Financial Management	\$11,705.2	\$16,865.6
Office of Children's Ombudsman	\$1,462.6	\$1,462.6
Gubernatorial Transition Costs	\$1,500.0	\$1,500.0
Total FY 2011 Recommendation	\$304,346.0	\$983,064.2

Fiscal Year 2011 Governor's Recommendation
Department of Treasury
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
GF/GP	\$151,964.7	\$202,130.1
All Funds	\$1,614,738.2	\$1,750,859.9
	% Change - GF/GP	33.0%
	% Change - All Funds	8.4%

Programs	GF/GP	All Funds
Revenue Sharing to Local Units of Government	\$0.0	\$1,032,106.0
Michigan Strategic Fund Agency	\$23,088.2	\$169,019.4
Debt Service Payments	\$119,394.7	\$134,909.2
Grants to Local Units of Government	\$0.0	\$110,850.0
Tax Programs	\$9,118.3	\$81,857.7
Banking and Management Services	\$5,087.0	\$37,787.2
Student Financial Assistance Programs	\$1,456.3	\$37,123.8
State Lottery Operations	\$0.0	\$26,561.7
Administration	\$12,798.1	\$26,258.1
Casino Gaming Oversight	\$0.0	\$25,626.7
Investments of Common Cash and Pension Funds	\$311.7	\$18,743.7
Information Technology	\$2,857.4	\$16,792.1
Senior Citizen Cooperative Housing Tax Exemption Program	\$14,520.0	\$14,520.0
Payments in Lieu of Taxes	\$10,506.4	\$12,956.4
Renaissance Zone Reimbursement to Libraries	\$2,992.0	\$2,992.0
Home Heating Assistance Administration	\$0.0	\$2,755.9
Total FY 2011 Recommendation	\$202,130.1	\$1,750,859.9

Higher Education

The Higher Education budget provides operating support to the state's 15 public universities and also funds student financial aid programs. *The Governor's proposed budget for fiscal year 2011 recommends total funding of nearly \$1.6 billion, of which over \$1.5 billion is general fund.*

Highlights of Governor's Budget Recommendation for Higher Education

- Total funding of nearly \$1.5 billion is provided for university operations to maintain support for each state university at the fiscal year 2010 level. Current year federal American Recovery and Reinvestment Act funding is replaced with general fund revenues.

- Funding for the Agricultural Experiment Station and the Cooperative Extension Service is continued at \$34.2 million and \$29.5 million respectively.

- Funding for the Michigan Promise Grants was not included in the current year budget. The Governor believes that Michigan must continue to help our young adults defray the costs of college. Therefore, the Governor is recommending that Michigan Promise be restructured as an income tax credit targeted to students who attain a degree and work in Michigan.

State University Operations (\$ in Thousands)	FY 2011
Michigan State University	\$291,841.7
University of Michigan - Ann Arbor	325,347.4
Wayne State University	220,329.2
Central Michigan University	82,436.0
Eastern Michigan University	78,212.1
Ferris State University	50,017.1
Grand Valley State University	63,758.3
Lake Superior State University	13,059.2
Michigan Technological University	49,302.1
Northern Michigan University	46,438.2
Oakland University	52,220.8
Saginaw Valley State University	28,517.7
University of Michigan - Dearborn	25,437.1
University of Michigan - Flint	21,498.9
Western Michigan University	112,766.8
Total	\$1,461,182.6

- The Tuition Incentive Program (TIP) is allocated \$30.1 million. To control rising costs, the Governor recommends capping reimbursement for tuition costs and targeting funds to students attaining an associate degree.
- In order to consolidate administration of scholarship programs in a single agency, funding for the Officer's Survivor Tuition Program is transferred to the Higher Education budget and administrative responsibilities are transferred to the Department of Treasury.
- The State Competitive Scholarship program, available for students attending both public and private colleges, is retained at the current year spending level of \$16.2 million.
- Funding of Tuition Grants for students attending private colleges is eliminated.

**Fiscal Year 2011 Governor's Recommendation
Higher Education
(\$ in Thousands)**

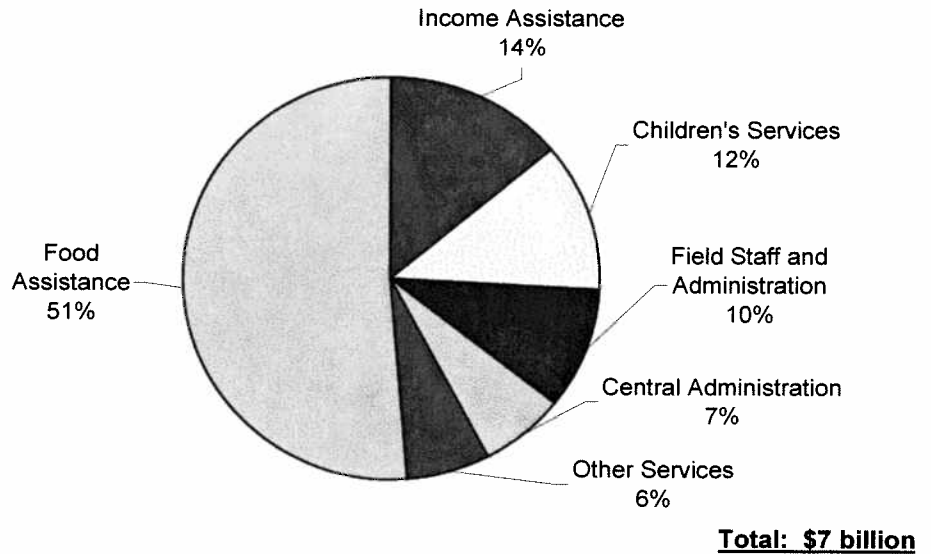
	FY10 Current Law	FY11 Recommendation
GF/GP	\$1,507,705.2	\$1,543,378.5
All Funds	\$1,612,243.3	\$1,578,278.5
	% Change - GF/GP	2.4%
	% Change - All Funds	-2.1%

Programs	GF/GP	All Funds
State University Operations	\$1,461,182.6	\$1,461,182.6
Agricultural Experiment Station	\$34,198.9	\$34,198.9
Tuition Incentive Program	\$0.0	\$30,100.0
Cooperative Extension Service	\$29,497.0	\$29,497.0
State Competitive Scholarships	\$14,708.5	\$16,208.5
King-Chavez-Parks Programs	\$2,691.5	\$2,691.5
Project GEAR-UP	\$0.0	\$1,500.0
Robert C. Byrd Honors Scholarship Program	\$0.0	\$1,500.0
Children of Veterans and Officer's Survivor Grants	\$900.0	\$1,200.0
Higher Education Database	\$105.0	\$105.0
Midwestern Higher Education Compact	\$95.0	\$95.0
Total FY 2011 Recommendation	\$1,543,378.5	\$1,578,278.5

Department of Human Services

The Department of Human Services (DHS) helps families and individuals meet financial, medical, and social service needs. DHS programs provide financial assistance and medical assistance to Michigan's low-income population; move people toward self-sufficiency through employment and training services; work to prevent abuse, neglect, and exploitation of children and vulnerable adults through direct services; and regulate and license adult and child care agencies, facilities, and homes. Services are provided through a network of county-based offices. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$7 billion, of which \$960 million is general fund.*

Costs of Food Assistance to Low-Income Families Dominate DHS Budget



Major Investments Included in the Governor's Budget Recommendations for DHS

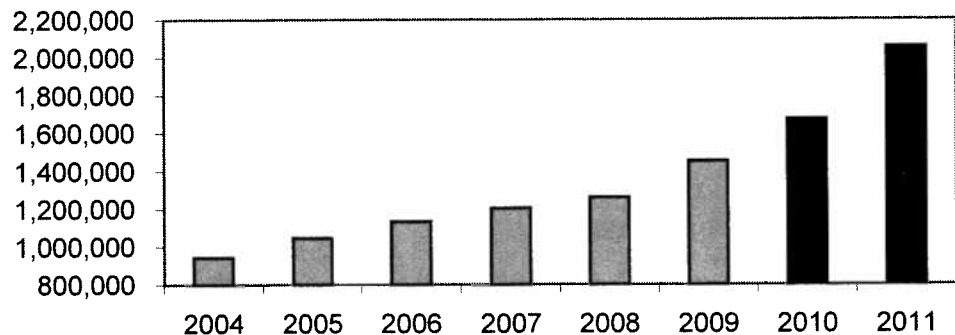
- The Governor's budget invests over \$509.2 million in Michigan's child welfare system, including:
 - Child welfare improvements are funded at \$39 million, continuing Michigan's commitment of over \$127.2 million during the last three years. These funds support additional child protective services staff, contract monitoring staff, a federally required children's services automation system, and benefit extensions to age 20.
 - Foster care payments for 7,400 children in out-of-home care are supported with \$174.6 million. These payments provide care and supervision until children are returned to their parents or are adopted.
 - Family preservation services to keep children safe with their families are funded with \$64.8 million.
 - 28,100 adopted children receive adoption subsidies at a funding level of \$230.8 million.
- To provide employment and training services for cash assistance recipients, an additional \$33 million in emergency TANF contingency funds supports the JET Plus program over two years. These funds, with a focus on basic education, will help Family Independence

Program recipients become job ready and will help Michigan meet federal work participation requirements.

- Over 850 new staff are added to the department to provide children's services, eligibility functions and disability determinations.

- Over 2 million people receive Food Assistance, funded with \$3.6 billion in federal funds. The Food Assistance caseload has more than doubled since 2004.

1 out of Every 5 People in Michigan Receives Food Assistance



Other Highlights of the Governor's Budget

Income Assistance Programs

- The Family Independence Program is funded at \$441 million, providing financial support for 85,000 families.
- Safe, quality child day care for 33,000 low-income families is funded at \$223 million.
- The State Disability Assistance program for 10,725 disabled adults is supported with \$37.3 million.
- Over \$143.9 million in federal and state restricted funds are allocated to support the home heating credit, energy-related crisis payments and weatherization for low-income home owners.

Juvenile Justice Services

- \$269.7 million is allocated for Juvenile Justice Services, including \$226.9 million in Child Care Fund reimbursements to local units of government. These services provide treatment, residential placement and community support services for delinquent youth. The Child Care Fund also supports children in foster care.

Child Support

- To help Michigan children obtain financial support from absent parents, over \$212 million is provided for the child support program.

Fiscal Year 2011 Governor's Recommendation
Department of Human Services
(\$ in Thousands)

	FY10 Current Law	FY11 Recommendation
GF/GP	\$852,297.6	\$959,205.3
All Funds	\$5,916,921.0	\$7,004,335.7
	% Change - GF/GP	12.5%
	% Change - All Funds	18.4%

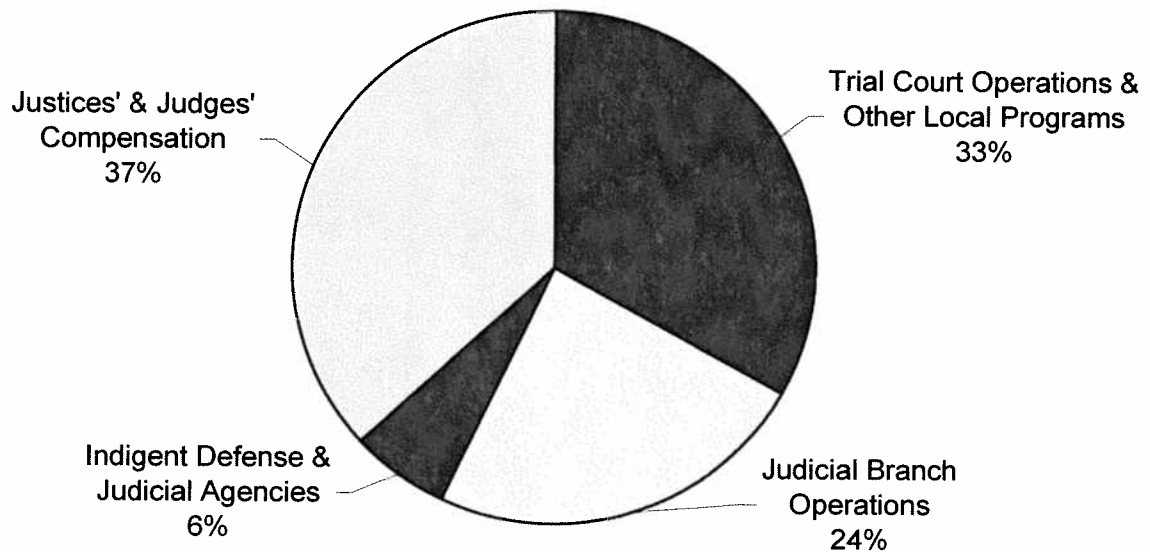
Programs	GF/GP	All Funds
Food Assistance Program	\$0.0	\$3,593,129.1
Income Assistance:		
Family Independence Program	\$80,871.0	\$441,112.5
Child Day Care Services	\$44,843.4	\$225,609.2
Low Income Energy and Weatherization Assistance	\$0.0	\$143,851.6
SSI State Supplementation	\$61,864.8	\$61,864.8
State Emergency Relief	\$23,753.2	\$40,631.9
State Disability Assistance	\$24,172.5	\$37,311.8
Refugee Assistance	\$0.0	\$24,258.2
Children's Services:		
Juvenile Justice Services	\$123,626.7	\$269,694.2
Adoption Subsidies	\$68,948.3	\$230,783.7
Foster Care Payments	\$70,996.3	\$174,581.8
Other Children's Services	\$19,283.7	\$66,612.0
Family Preservation Services	\$1,044.2	\$64,843.3
Domestic Violence and Rape Prevention Services	\$690.0	\$20,171.2
Adoption Services	\$11,856.9	\$19,825.6
Field Staff and Administration:		
Local Office Staff Operations	\$192,739.8	\$534,243.6
Information Technology	\$39,010.1	\$142,354.1
Central Administration and Support	\$165,355.9	\$463,403.9
Other Services:		
Child Support Enforcement	\$12,807.9	\$212,062.7
Disability Determination Services	\$2,879.6	\$111,614.2
Individual and Family Services	\$9,791.2	\$37,485.0
Employment and Training Support Services	\$0.0	\$35,583.7
Community Services Block Grant	\$0.0	\$27,977.9
Licensing and Regulation	\$4,669.8	\$25,329.7
Total FY 2011 Recommendation	\$959,205.3	\$7,004,335.7



Judiciary

The Michigan Constitution vests the judicial power of the state exclusively in a court system composed of the Supreme Court, the Court of Appeals, the Circuit Court (which is the trial court of general jurisdiction, including the Family Court division), the Probate Court, and courts of limited jurisdiction such as the Court of Claims, District Court and municipal courts. The statewide court system is administered by the Supreme Court Justices through the State Court Administrative Office. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$258.8 million, of which \$152.7 million is general fund.*

One-Third of Budget Supports Local Trial Court Operations



Total: 258.8 million

Highlights of Governor's Budget Recommendation for the Judiciary

- The Governor recommends \$95.3 million for judicial salaries.
- Local trial courts are supported with \$81.6 million.
- The Executive Budget provides \$18.5 million for the Court of Appeals.
- The State Appellate Defender Office (SADO), the Michigan Appellate Assigned Counsel System, and local legal aid agencies are funded with \$15 million to provide indigent legal assistance. In addition, the Governor is recommending a fiscal year 2010 supplemental to recognize \$250,000 in federal revenue for two SADO pilot projects.
- Specialized drug treatment courts receive \$5.1 million to continue providing alternatives to incarceration for offenders with drug and alcohol problems. The Governor's recommendation also includes a one-time fiscal year 2010 supplemental which provides \$200,000 in additional federal Edward Byrne Justice Assistance Grant support for drug treatment courts.

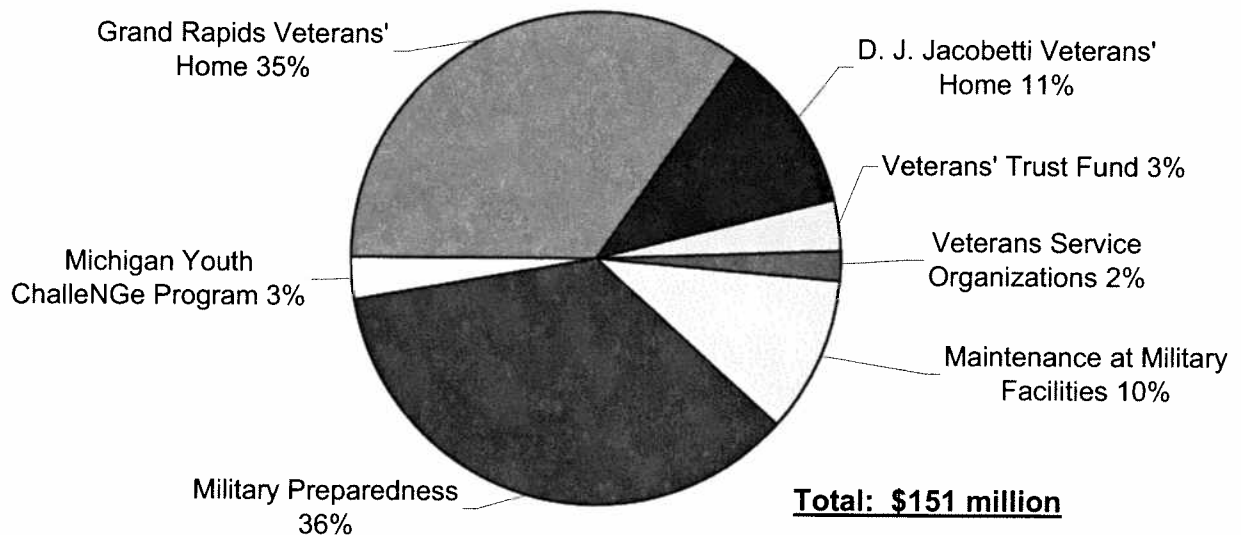
Fiscal Year 2011 Governor's Recommendation Judiciary (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$153,132.8	\$152,731.1
All Funds	\$258,762.3	\$258,823.8
	% Change - GF/GP	-0.3%
	% Change - All Funds	0.0%

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Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs has dual missions: services to veterans and military preparedness. The department protects the lives and property of Michigan residents during times of natural disaster or civil unrest. The department also assists the federal government in defending sovereign interests of the United States. There are approximately 11,800 members of the Michigan National Guard; 987 are currently on active duty and mobilized to serve in the Iraqi Freedom campaign and in other parts of the world, with an additional 875 scheduled to be deployed during 2010. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$151 million, of which \$37 million is general fund.*

Over 50% of Funding Supports Veterans' Services



Highlights of Governor's Budget Recommendation for the DMVA

- The fiscal year 2011 Executive Recommendation provides \$69.6 million in funding support for the Grand Rapids and D. J. Jacobetti Veterans' Homes, which provide direct nursing care for 900 resident veterans.
- The budget includes \$53.7 million in funding for military preparedness, representing the Michigan National Guard's traditional mission of state and national defense and homeland security. Additionally, \$15 million is available for special maintenance projects at federal military facilities in Michigan.
- The needs of veterans and their families are served through \$5 million from the Michigan Veterans' Trust Fund. In addition, Veterans Service Organizations will continue to receive \$3 million in state-funded grants to counsel veterans and assist them in receiving benefits.
- The Michigan Youth Challenge Academy, a program for high school dropouts and at-risk youth, will receive \$4.1 million in state and federal support.

**Fiscal Year 2011 Governor's Recommendation
Department of Military and Veterans Affairs
(\$ in Thousands)**

	FY10 Current Law	FY11 Recommendation
GF/GP	\$36,425.5	\$36,951.1
All Funds	\$146,149.8	\$151,045.4
	% Change - GF/GP	1.4%
	% Change - All Funds	3.3%

Programs	GF/GP	All Funds
Military Preparedness	\$13,315.4	\$53,696.1
Grand Rapids Veterans' Home	\$15,641.9	\$52,637.3
D. J. Jacobetti Veterans' Home	\$4,964.2	\$16,993.0
Maintenance at Military Facilities	\$0.0	\$15,500.0
Veterans' Trust Fund	\$0.0	\$5,049.3
Michigan Youth ChalleNGe Program	\$0.0	\$4,140.1
Veterans Service Organizations	\$3,029.6	\$3,029.6
Total FY 2011 Recommendation	\$36,951.1	\$151,045.4

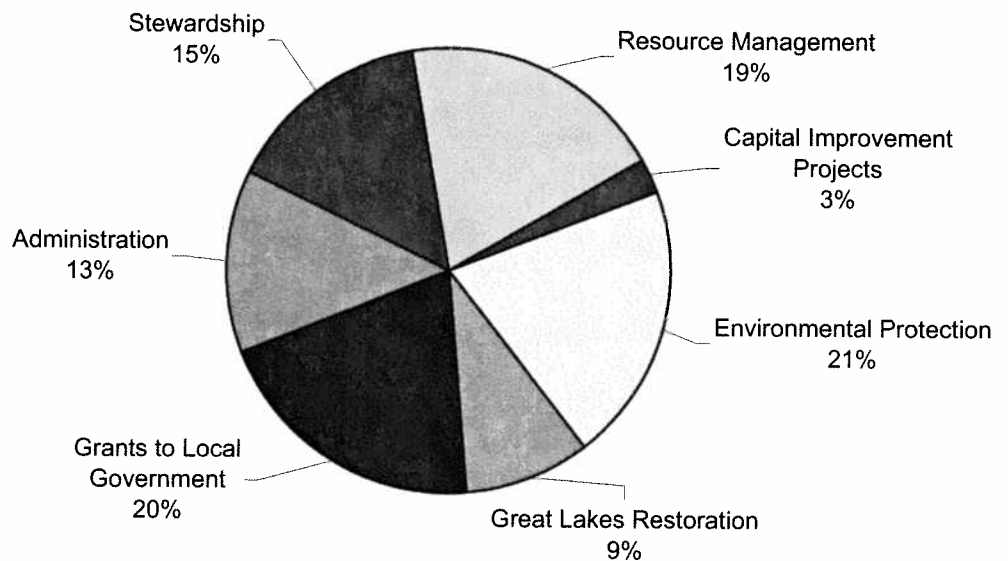
Department of Natural Resources and Environment

Funding for the Department of Natural Resources and Environment (DNRE) supports programs to restore and enhance Michigan's environment and preserve our natural resources. The Governor's proposed budget for fiscal year 2011 recommends total funding of \$720.7 million, of which \$42.1 million is general fund.

Highlights of Governor's Budget Recommendation for DNRE

- The fiscal year 2011 Executive Recommendation reflects the Governor's efforts to streamline state government through the creation of the Department of Natural Resources and Environment, which results in a preliminary savings of \$356,000.
- Over 20 percent of the department's budget flows to local units of government for grants and loans for cleanup activities, pollution prevention efforts, and recreational activities.

**Streamlined Structure of the New
Department of Natural Resources and Environment**



Total: \$720.7 million

- Almost \$140 million supports resource management efforts including wildlife, fisheries and water protection activities, and the provision of law enforcement officers who support recreational activities, as well as the criminal investigation of environmental polluters.
- The Governor is recommending over \$146 million for protection of Michigan's environment including air quality, groundwater, and environmental cleanup and response activities.
- Under the Governor's proposal, stewardship activities including forest management, state park maintenance, and recreational boating opportunities will receive over \$100 million.
- Michigan will benefit from \$65 million of federal resources dedicated to restoring the Great Lakes by combating invasive species, cleaning up pollution before it flows into the Lakes, protecting and restoring habitat, and stopping 'nonpoint' pollution (farm fertilizer and oil runoff) that compromises beaches and aquatic life.
- Approximately \$12 million is recommended for state and local waterways projects to enhance boating access, and an additional \$7 million is recommended for infrastructure improvements at state parks, game and wildlife areas, as well as acquisition of deer and waterfowl habitat.

Fiscal Year 2011 Governor's Recommendation
Department of Natural Resources and Environment
(\$ in Thousands)

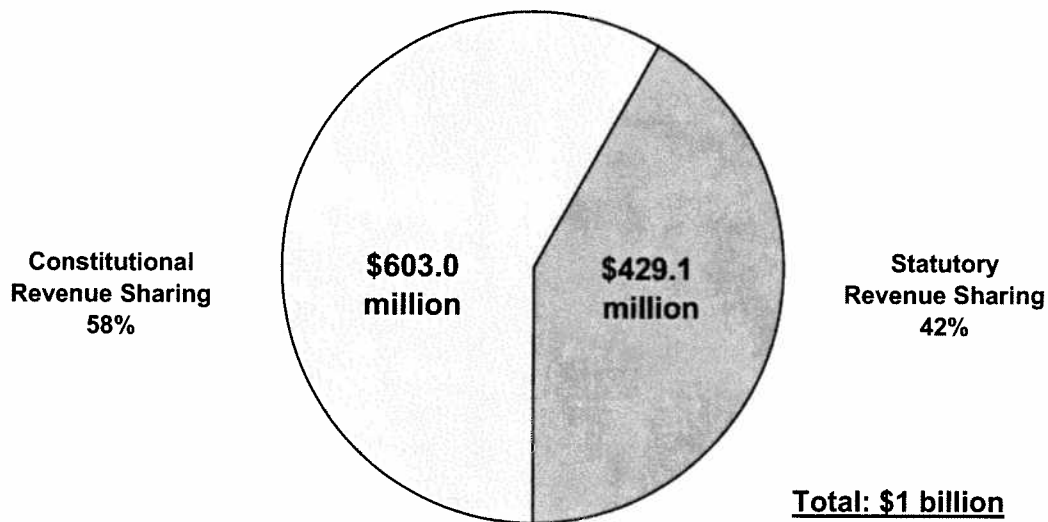
	FY10 Current Law*	FY11 Recommendation
GF/GP	\$43,949.4	\$42,104.3
All Funds	\$711,928.1	\$720,653.9
	% Change - GF/GP	-4.2%
	% Change - All Funds	1.2%

Programs	GF/GP	All Funds
Environmental Protection	\$9,555.6	\$146,523.7
Grants to Local Government	\$0.0	\$145,429.6
Resource Management	\$14,743.7	\$139,679.8
Stewardship of Land and Resources	\$3,739.7	\$107,895.1
Administration	\$14,065.3	\$97,147.1
Great Lakes Restoration	\$0.0	\$65,000.0
Capital Improvement Projects	\$0.0	\$18,978.6
* Adjusted for program transfers		
Total FY 2011 Recommendation	\$42,104.3	\$720,653.9

Revenue Sharing

Michigan's revenue sharing program provides unrestricted financial support to local units of government, allowing communities to determine how best to fund local services. There are two ways that local units share in a portion of state sales tax revenue: a constitutionally-dedicated portion is distributed to cities, villages, and townships based on a community's population; an additional portion of state sales tax revenue is earmarked in state law to provide revenue sharing payments that are subject to annual appropriation. *Funding for fiscal year 2011 is recommended at \$1 billion, which includes \$603 million for constitutionally-required revenue sharing payments and \$429.1 million for statutory revenue sharing payments to cities, villages, townships and counties.*

Nearly 60% of Revenue Sharing Payments are Constitutionally-Dedicated



Highlights of Governor's Budget Recommendation for Revenue Sharing

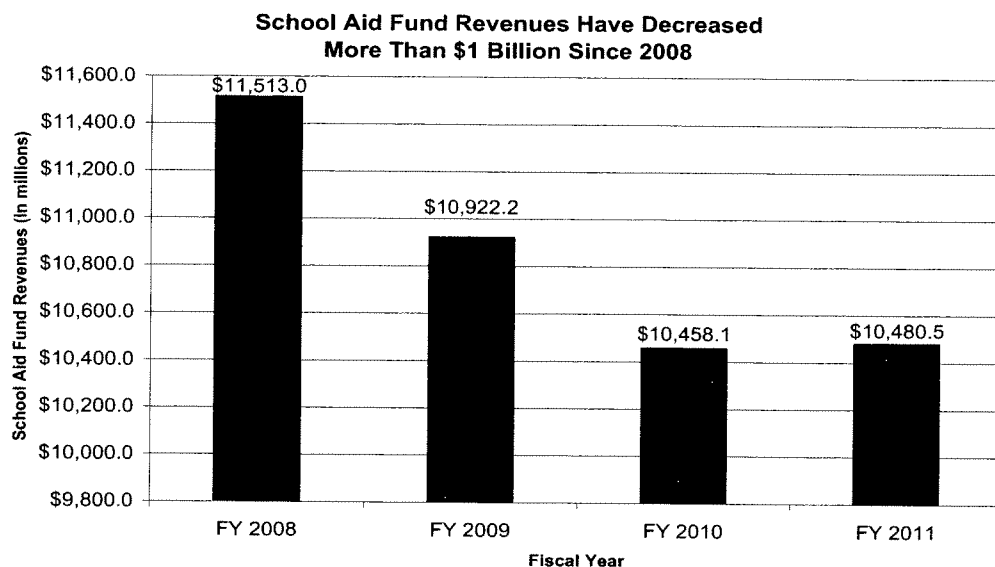
- Overall revenue sharing payments are maintained at a level equal to fiscal year 2010 spending for cities, villages, and townships.
- State revenue sharing payments of \$114.7 million are recommended for counties that exhaust their revenue sharing reserve funds prior to, or during, fiscal year 2011. Phasing-in the early collection of winter property tax payments created a reserve fund for each county in fiscal year 2005, allowing the state to suspend revenue sharing payments until a county's fund is depleted. An estimated 38 counties will qualify for resumed state revenue sharing payments in fiscal year 2011.



School Aid

Michigan's K-12 public education system was recently transformed with landmark state legislation that not only allows the state to compete for over \$500 million in federal Race To The Top funds, but also enacts comprehensive reforms to improve the educational system in Michigan.

With this budget, the Governor is proposing reforms of the state tax and pension systems in order to address the structural imbalance that exists in the current school finance system. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$12.9 billion, \$11.0 billion of state funds, and nearly \$1.9 billion of federal funds.*



Highlights of the Governor's Public School Reform Initiatives

- Estimated state revenues available in fiscal year 2011 cannot support the estimated costs of existing programs. Therefore, the Governor is proposing tax restructuring reforms that will generate an additional \$554.3 million in funding, which will prevent further reductions to the school aid budget in fiscal year 2011.
- The Governor is also proposing reforms to the public school employee pension system that are estimated to save school districts \$660 million statewide in fiscal year 2011 and nearly \$6 billion over the next 10 years.
- The Governor's fiscal year 2011 budget further promotes the consolidation of school business services, such as accounting, purchasing, and technology services, to ensure public tax dollars are spent wisely and effectively.

Other Highlights of the Governor's Budget Recommendation for School Aid

- This budget funds existing programs at current estimated costs.
- The fiscal year 2011 budget protects over \$100 million for Great Start Readiness Programs, which will provide over 28,000 children with preschool opportunities.
- The Executive Budget also recommends that over \$150 million be carried forward from fiscal year 2011 into fiscal year 2012 to mitigate the loss of federal recovery funds.

Fiscal Year 2011 Governor's Recommendation
School Aid
(\$ in Thousands)

	FY10 Current Law*	FY11 Recommendation
GF/GP	\$30,206.2	\$30,206.2
All Funds	\$12,826,346.0	\$12,863,312.0
	% Change - GF/GP	0.0%
	% Change - All Funds	0.3%

Programs	GF/GP	All Funds
Foundation Allowance Payments	\$7,677.6	\$9,301,881.6
Special Education Funding	\$0.0	\$1,520,383.0
At Risk Children Services	\$0.0	\$852,761.4
School Food Programs	\$0.0	\$434,626.1
No Child Left Behind and Other Federal Funding	\$0.0	\$259,267.4
Statutorily Required Payments/Reimbursements	\$9,200.0	\$168,034.0
Great Start Preschool Programs	\$7,875.0	\$106,975.0
Intermediate School District Operations	\$0.0	\$65,376.8
Vocational Education	\$0.0	\$35,611.3
State Assessments	\$0.0	\$34,944.4
Adult Education	\$0.0	\$22,000.0
Declining Enrollment Assistance Funding	\$0.0	\$20,000.0
Center for Educational Performance and Information	\$3,656.1	\$10,926.1
Court Placed and Juvenile Programs	\$0.0	\$10,179.4
Math and Science Programs	\$110.0	\$8,779.4
Michigan Virtual High School	\$1,687.5	\$4,387.5
Bilingual Education	\$0.0	\$2,800.0
School Transportation Safety Programs	\$0.0	\$2,078.6
Health/Science Middle College	\$0.0	\$2,000.0
Crisis Intervention Program	\$0.0	\$300.0
*Adjusted for program transfers		
Total FY 2011 Recommendation	\$30,206.2	\$12,863,312.0

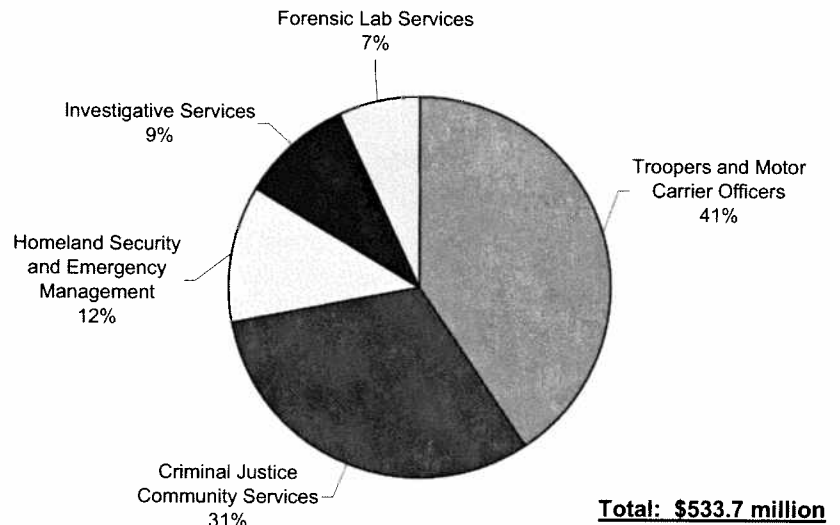
Department of State Police

The Michigan State Police (MSP) delivers law enforcement services throughout the state. The Governor's proposed budget for fiscal year 2011 recommends total funding of \$533.7 million, of which \$258.9 million is general fund.

Highlights of Governor's Budget Recommendation for MSP

- The Executive Recommendation includes over \$189.2 million for state troopers to provide law enforcement services in criminal and traffic-related situations throughout the state. Funding is maintained for troopers recalled from layoff during fiscal year 2010; there are no additional trooper layoffs anticipated.

State Police Provides Statewide Law Enforcement Services



- The Executive Budget includes \$36.9 million for forensic science services at crime laboratories around the state. In addition, the Governor is recommending a fiscal year 2010 supplemental of \$2.5 million in order to reduce forensic case backlogs which have grown since the closure of the Detroit Crime Laboratory.
- The Governor's Recommendation provides over \$27.2 million for commercial motor vehicle enforcement, including weigh station operations, road patrol, investigations of commercial motor vehicles and safety-related programs.
- The Michigan Public Safety Communications System maintains full funding of \$13.1 million for statewide two-way radio communications for public safety agencies during emergencies or disasters.
- The Executive Budget recommends \$62 million for homeland security efforts.
- The Executive Recommendation provides over \$34.7 million in grants to local law enforcement agencies for auto theft prevention, secondary road patrols, and training for law enforcement officers.
- Fee increases are proposed for the processing of fingerprints, with the new revenue to be used to offset general fund costs associated with latent print scientists, and for criminal record checks, with the revenue to be used for the Law Enforcement Information Network.

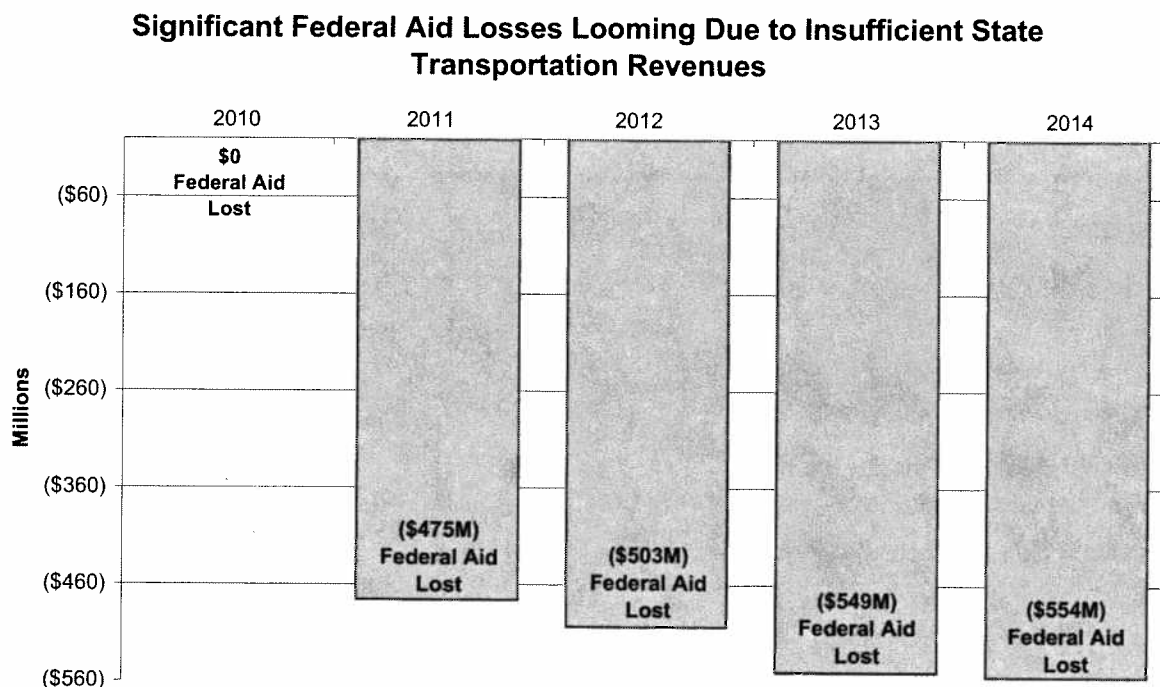
Fiscal Year 2011 Governor's Recommendation
Department of State Police
(\$ in Thousands)

	FY10 Current Law*	FY11 Recommendation
GF/GP	\$267,259.2	\$258,930.5
All Funds	\$535,801.6	\$533,690.5
	% Change - GF/GP	-3.1%
	% Change - All Funds	-0.4%

Programs	GF/GP	All Funds
Troopers and Motor Carrier Officers	\$140,391.3	\$216,419.2
Criminal Justice Community Services	\$68,595.0	\$167,937.2
Homeland Security and Emergency Management	\$2,606.8	\$62,196.9
Investigative Services	\$33,636.4	\$50,238.5
Forensic Lab Services	\$13,701.0	\$36,898.7
*Adjusted for program transfers		
Total FY 2011 Recommendation	\$258,930.5	\$533,690.5

Department of Transportation

Despite declining state restricted revenues and an inability to match all available federal aid, the Department of Transportation (MDOT) continues to make investments in the State's network of roads and bridges, public transportation systems, freight development, and aviation programs to the extent existing revenues allow. *The Governor's proposed budget for fiscal year 2011 recommends total funding of \$2.7 billion, supported entirely with federal and state restricted revenues.*



The potential loss of federal aid over the next four years is \$2.1 billion without additional state restricted revenues to provide the required match.

Highlights of Governor's Budget Recommendation for MDOT

- Governor Granholm remains supportive of the Transportation Funding Task Force and its recommendations for long-term financing alternatives. However, lack of legislative action on the Task Force proposals will significantly affect the transportation budget for fiscal year 2011.
- The department is reducing operational expenses by \$20 million in order to redirect those funds to road construction, thus earning \$100 million in federal funds that they would otherwise not be able to match. However, even with this action, Michigan will be unable to match \$475 million in available federal aid due to inadequate state transportation revenues.
- This budget recommendation supports \$1.9 billion for state and local road and bridge construction and maintenance projects; \$295 million for public transportation, rail freight, and marine programs; as well as \$1 million for the planned light railway project on Woodward Avenue in Detroit.

Fiscal Year 2011 Governor's Recommendation Department of Transportation (\$ in Thousands)		
	FY10 Current Law	FY11 Recommendation
GF/GP	\$0.0	\$0.0
All Funds	\$3,259,638.0	\$2,760,929.3
	% Change - GF/GP	0.0%
	% Change - All Funds	-15.3%

Programs	GF/GP	All Funds
Local Road & Bridge Construction and Maintenance	\$0.0	\$1,218,523.0
State Road & Bridge Construction and Maintenance	\$0.0	\$739,893.9
Public Transportation & Freight Services	\$0.0	\$296,108.5
Debt Service Obligations	\$0.0	\$246,813.0
Building and Airport Capital Improvement Projects	\$0.0	\$138,766.2
Administrative Support Services	\$0.0	\$120,824.7
Total FY 2011 Recommendation	\$0.0	\$2,760,929.3

Background Information

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Web site address for this document: <http://www.michigan.gov/budget>



Fiscal Year 2011
Sources and Uses of General Fund/General Purpose
(in millions)

Estimated Beginning Fund Balance, October 1, 2010	\$33.1
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REVENUES:

Estimated January Consensus Net Revenues	\$6,968.4
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Proposed Adjustments:

Revenue Sharing Reductions	\$ 427.3
Charge School Aid Fund for Short-term Borrowing	\$ 45.0
2009 PA 106	\$ 388.9
Tax Credits	\$ (3.0)
Tax Enforcement	\$ 15.0

Total Sources of Funds	\$7,874.7
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EXPENDITURES:

Fiscal Year 2011 Executive Recommendation	\$7,870.1
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Total Uses of Funds	<u>\$7,870.1</u>
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Ending Fund Balance, September 30, 2011	<u><u>\$4.6</u></u>
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Fiscal Year 2011
Sources and Uses of All Funds
(in millions)

Estimated Beginning Unreserved Fund Balance, October 1, 2010 \$680.7

REVENUES:

Fiscal Year 2011 Revenue Estimate \$46,352.7

Adjustments Included in Revenue Estimate:

Revenue Sharing Reductions	\$427.3
2009 PA 106	\$388.9
Tax Credits	(\$3.0)
Tax Enforcement	\$17.3
Tax Restructuring Reform	\$554.3
Lottery Reforms	\$5.0

TOTAL REVENUES \$46,352.7

Total Sources of Funds **\$47,033.4**

EXPENDITURES:

Fiscal Year 2011 Executive Recommendation	\$47,099.2
Less: Interdepartmental Grants and Transfers	(759.6)

Total Uses of Funds \$46,339.6

Excess of Sources Over Uses \$693.9

Consensus Economic Outlook

The economic and revenue outlooks were agreed to at the January 11, 2010, Consensus Revenue Estimating Conference by the Administration, House Fiscal Agency, and Senate Fiscal Agency.

2009 U.S. Economic Review

With the recession that began in late 2007 continuing into 2009, calendar year real gross domestic product (GDP) fell an estimated 2.6 percent in 2009 -- its largest calendar year decline since 1946. Real GDP fell sharply in 2009Q1 (-6.4 percent annual rate) before declining slightly in the second quarter (-0.7 percent annual rate). Real GDP rose modestly in 2009Q3 and is estimated to have increased in the fourth quarter as well. While the National Bureau of Economic Research, which dates recessions, has not yet determined that the recession has ended, most economists believe that the U.S. economy emerged from recession in the third quarter.

Calendar year 2009 U.S. wage and salary employment fell a record 3.7 percent based on history dating back to 1940. Employment declined each month in 2009 with the exception of a slight November increase. However, declines lessened over the course of the year. While 2009Q1 employment fell by almost 700,000 jobs per month, employment drops in 2009Q4 averaged fewer than 100,000 jobs per month.

In calendar year (CY) 2009, the U.S. unemployment rate rose to 9.3 percent -- its highest CY rate since 1983. The monthly unemployment rate rose over much of 2009 with the rate rising to 10.1 percent in October and falling only slightly to 10.0 percent for both November and December.

The housing market remained weak throughout 2009. Housing starts which had fallen sharply to a record low in 2008, plummeted an estimated 35.6 percent to a new record low in 2009 (estimated 580,000 units). 2009 starts stand in sharp contrast to the 2.1 million units pace in 2005 and even the 1.8 million and 1.4 million unit pace in 2006 and 2007, respectively. The share of homeowners either delinquent or in foreclosure rose to a record 14.1 percent by 2009Q3.

In CY 2009, light vehicle sales fell 22.0 percent to their lowest level (10.3 million units) since 1970. With the vehicle market remaining weak, both General Motors and Chrysler fell into bankruptcy in mid-2009. Fortunately, both emerged from bankruptcy rapidly. In the process, Fiat took partial ownership and management control of Chrysler. In addition, the U.S. federal government took majority (60 percent) ownership of General Motors.

In 2009Q1, vehicle sales fell to a 9.5 million unit rate -- their lowest quarterly rate since 1981. Sales rose only slightly in the second quarter. Buoyed by the federal Cash for Clunkers program (a temporary light vehicle sales credit), 2009Q3 vehicle sales rose to an 11.5 million unit rate before falling to a 10.8 million unit rate in 2009Q4.

In 2009, financial markets, which had nearly collapsed in late 2008, improved significantly. The Fed's continued substantial support of the financial system was central to this improvement.

Throughout 2009, the Fed left its key lending rate at essentially zero. Excess bank reserves, which the Fed had increased from \$2.0 billion in August 2008 to nearly \$800.0 billion in December 2008 rose above \$1.0 trillion by December 2009. The Fed also continued and, in some cases, broadened the reach of numerous programs designed to stabilize various sectors of the financial system. Notably, the Fed expanded its purchase of asset-backed securities to include mortgage-backed securities. By the end of the year, seeing significant improvements in financial markets, the Fed began unwinding many of these programs – most of which the Fed plans to end by early 2010.

The U.S. government also enacted a sizeable stimulus program in early 2009. In addition, the federal government implemented several other programs including a temporary home buyer credit, a program aimed at reducing mortgage defaults and Cash for Clunkers.

After having risen to a record high price (\$133.93 per barrel) in mid-2008, oil prices fell to \$41.02 in December 2008. While trending upward through most of 2009, oil prices remained significantly below their 2008 peak levels, averaging around \$75 a barrel in late 2009.

2009 Michigan Economic Review

Sharply declining vehicle sales, combined with continuing declines in Big 3 market share and rationalization among vehicle suppliers, sharply accelerated Michigan's economic losses in 2009. Calendar year 2009 Michigan wage and salary employment dropped an estimated 6.8 percent -- its steepest decline since 1958.

Between Michigan's employment peak in June 2000 and December 2009, Michigan lost over 850,000 jobs. Job losses in 2009 accounted for nearly one-fourth of the jobs lost over the past nine and half years. In 2009, Michigan's unemployment rate rose from 8.4 percent to an estimated 14.1 percent, its highest rate since 1983.

In 2009, Michigan wages and salaries fell an estimated 7.9 percent – by far the steepest decline in history dating back to 1970. Overall personal income fell an estimated 2.7 percent -- Michigan's first income decline in over 50 years. With -0.6 percent inflation, real (inflation adjusted) personal income fell an estimated 2.1 percent.

2010 and 2011 U.S. Consensus Economic Outlook

In 2010, real GDP is forecast to rise by 2.2 percent before accelerating slightly to 2.7 percent growth in 2011. (See Table 1). Light vehicle sales are forecast to increase to 11.2 million units in 2010 and 12.5 million units in 2011 -- still markedly lower than the 16.1 million units sold in 2007.

The 2010 U.S. unemployment rate is projected to rise to 10.2 percent – the first time that the CY national unemployment rate has risen to double-digits since at least 1948. In 2011, the unemployment rate is forecast to fall slightly to 9.7 percent.

After recording their first CY decline since 1955, consumer prices are expected to rise 2.7 percent in 2010 and 2.3 percent in 2011.

2010 and 2011 Michigan Consensus Economic Outlook

As the U.S. economy recovers and light vehicle sales rise, Michigan wage and salary employment declines are projected to slow markedly from 2009's sharp drop. In 2010, forecasted Michigan employment falls 2.2 percent followed by a 0.9 percent decline in 2011. 2011 would mark the eleventh straight annual Michigan employment decline with projected employment at its lowest level in 24 years.

In 2010, Michigan's unemployment rate is expected to rise from 14.1 percent to 15.7 percent – a record high in history dating back to 1976. The rate is then forecast to decline slightly in 2011 to 15.3 percent.

After declining in 2009, Michigan personal income is expected to rise 1.0 percent in 2010 and 1.7 percent in 2011. Inflation is forecast to be 2.4 percent in 2010 and 1.9 percent in 2011. As a result, real Michigan personal income is expected to decline 1.4 percent in 2010 and then fall 0.2 percent in 2011.

Forecast Risks

The baseline forecast assumes that financial markets will stabilize soon and remain stable even as the Federal Reserve ends many of its current support programs. The fragility of the financial system poses a substantial downward risk to the baseline forecast. At the same time, the forecast assumes no new substantial fiscal package. If a package were enacted, the outlook would be strengthened.

A stronger (weaker) housing market would boost (weaken) the overall economy. Conversely, a substantially worsening non-residential construction market poses a significant risk.

Given the continued weakness in vehicle sales markets, the failure (or substantial worsening) of one or more of the Big Three constitutes a significant downside risk to the national forecast, but especially to the Michigan economic forecast. Along similar lines, continued financial pressures upon auto suppliers pose a significant risk to both the U.S. and Michigan economic outlooks.

Higher oil prices (and consequently higher gasoline prices) would retard domestic growth by depressing consumer sentiment, reducing households' disposable income and increasing input costs to businesses. Higher oil prices may also lead the Federal Reserve to hike rates, which would also retard economic growth.

Geopolitical factors (such as a domestic terrorist attack) remain a downside risk to the baseline forecast.

Table 1
Consensus Economic Forecast

January 2010

	Calendar 2008 Actual	Calendar 2009 Forecast	Percent Change from Prior Year	Calendar 2010 Forecast	Percent Change from Prior Year	Calendar 2011 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$13,312	\$12,966	-2.6%	\$13,251	2.2%	\$13,609	2.7%
Implicit Price Deflator GDP (2005 = 100)	108.5	110.0	1.2%	111.0	0.9%	112.8	1.6%
Consumer Price Index (1982-84 = 100)	215.3	214.7	-0.3%	220.5	2.7%	225.6	2.3%
Consumer Price Index - Fiscal Year (1982-84 = 100)	214.5	213.8	-0.3%	219.1	2.5%	224.1	2.3%
Personal Consumption Deflator (2000 = 100)	121.6	122.0	0.2%	124.4	2.0%	126.5	1.7%
3-month Treasury Bills Interest Rate (percent)	1.4	0.2		0.2		0.9	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.3		5.0		4.9	
Unemployment Rate - Civilian (percent)	5.8	9.3		10.2		9.7	
Housing Starts (millions of starts)	0.901	0.580	-35.6%	0.710	22.4%	1.100	54.9%
Light Vehicle Sales (millions of units)	13.2	10.3	-22.0%	11.2	8.7%	12.5	11.6%
Passenger Car Sales (millions of units)	6.8	5.4	-20.6%	5.8	7.4%	6.6	13.8%
Light Truck Sales (millions of units)	6.4	4.9	-23.4%	5.4	10.2%	5.9	9.3%
Import Share of Light Vehicles (percent)	25.4	26.7		25.5		26.0	
Michigan							
Wage and Salary Employment (thousands)	4,159	3,876	-6.8%	3,791	-2.2%	3,757	-0.9%
Unemployment Rate (percent)	8.4	14.1		15.7		15.3	
Personal Income (millions of dollars)	\$349,612	\$340,173	-2.7%	\$343,575	1.0%	\$349,416	1.7%
Real Personal Income (millions of 1982-84 dollars)	\$170,752	\$167,145	-2.1%	\$164,863	-1.4%	\$164,508	-0.2%
Wages and Salaries (millions of dollars)	\$187,914	\$173,069	-7.9%	\$171,338	-1.0%	\$172,366	0.6%
Detroit Consumer Price Index (1982-84 = 100)	204.7	203.5	-0.6%	208.4	2.4%	212.4	1.9%
Detroit CPI Fiscal Year (1982-84 = 100)	204.6	202.8	-0.9%	207.5	2.3%	211.4	1.9%

Revenue Estimates

Fiscal Year 2009 Revenue

The economic recession, combined with the impact of enacted tax reductions, caused revenues to decline significantly in FY 2009. On a consensus basis, FY 2009 General Fund/General Purpose (GF/GP) revenue totaled \$7,365.6 million, which was down 21.3%, or \$1,993.1 million, from FY 2008. Including items not included in the consensus base, GF/GP revenue totaled \$8,173.4 million. School Aid Fund (SAF) revenue fell 5.1%, or \$590.7 million, in FY 2009 to \$10,922.2 million on a consensus basis. Including federal aid, transfers, and other budget measures, SAF revenue totaled \$13,132.3 million.

Fiscal Year 2010 and Fiscal Year 2011 Revenue Estimates

On January 11, 2010, the Administration and the House and Senate Fiscal Agencies reached a consensus on projected revenues for FY 2010 and FY 2011. Agreement was reached on baseline revenue estimates, as well as the impact of enacted tax changes. The January 2010 consensus revenue estimates are used for the Governor's *Executive Budget*. The economic forecast and revenue estimates will be revisited at the May consensus conference before the final budget bills are passed by the legislature.

The affects of the significant economic recession will continue to negatively impact Michigan's economy in FY 2010. On a consensus basis, FY 2010 GF/GP revenue will decline an estimated 6.3% to \$6,898.4 million. After factoring in proposed changes and other budget items, FY 2010 GF/GP revenue will total \$7,965.3 million. On a consensus basis, SAF revenue is expected to decline 4.2% in FY 2010 to \$10,458.1 million. Including transfers, federal aid, and other budget measures, FY 2010 SAF revenue will total an estimated \$12,555.9 million.

The Michigan economy is expected to experience modest improvement in economic activity in FY 2011. As a result, FY 2011 GF/GP revenue is expected to increase 1.0% to \$6,968.4 million on a consensus basis. After factoring in proposed changes and other budget measures, GF/GP revenue is expected to total \$7,841.6 million in FY 2011. School Aid Fund revenue, on a consensus basis, will increase an estimated 0.2% to \$10,480.5 million in FY 2011. After factoring in federal aid, transfers, other budget measures, and the revenue from the proposed tax reform plan, SAF revenue will total \$12,936.6 million in FY 2011.

Overall FY 2011 Revenue

Total net revenue for all funds is estimated to be \$47.0 billion in FY 2011. A summary of revenues by fund is presented on page C-8. The Detailed Statement of General and Special Revenue Funds presents information for FY 2008 through FY 2011.

Projected Revenues **FY 2010 - 2011**

(millions)

	<u>FY 2010 - 2011</u>
General Fund - General Purpose	
Consensus Estimate	6,968.4
Total Adjustments	873.2
Total General Fund - General Purpose	<u>7,841.6</u>
School Aid Fund	
Consensus Estimate	10,480.5
Transfers and Federal Aid	1,894.5
Total Adjustments	561.6
Total SAF Revenue	<u>12,936.6</u>
Transportation Funds	3,564.2
Special Revenue & Permanent Funds	5,444.9
Federal Aid (Not Elsewhere Itemized)	<u>17,470.5</u>
Sub-Total All Funds	47,257.9
Fund Balances Available	<u>680.7</u>
Gross Total All Resources	47,938.6
Less Interfund Transfers (excluding GF-GP)	<u>(905.2)</u>
Net Total All Resources	<u><u>\$ 47,033.4</u></u>

Amounts may not tie to totals due to rounding

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
GENERAL FUND - GENERAL PURPOSE REVENUE				
TAXES				
Individual Income ⁽¹⁾	6,896,852,436	6,201,927,848	5,869,400,000	5,982,000,000
Less: Refunds	(1,790,345,516)	(2,242,765,023)	(2,374,900,000)	(2,436,600,000)
Net Individual Income	5,106,506,921	3,959,162,825	3,494,400,000	3,545,400,000
Single Business and Michigan Business ⁽¹⁾	2,125,389,222	1,614,478,852	1,481,700,000	1,490,400,000
Sales ⁽²⁾	670,795,897	534,907,826	58,900,000	79,300,000
Use ⁽³⁾	911,657,999	863,406,576	762,000,000	773,300,000
Insurance Company Premium Retaliatory	223,190,639	260,995,203	271,000,000	284,600,000
Tobacco ⁽³⁾	212,933,121	208,393,223	197,000,000	189,500,000
Utility Property	82,535,019	64,184,935	63,000,000	64,000,000
Casino Gaming Wagering ⁽³⁾	15,414,791	11,623,343	0	0
Penalties and Interest	160,594,142	149,044,853	148,000,000	149,000,000
Intangibles	48,655	(7,279)	0	0
Estate / Inheritance	235,047	148,028	0	0
Beer and Wine Excise	50,941,374	50,770,390	51,000,000	52,000,000
Oil and Gas Severance	97,052,266	47,230,989	55,000,000	60,000,000
Liquor Specific ⁽³⁾	37,253,835	38,001,959	38,200,000	38,500,000
Other	0	6,600,000	0	0
Enhanced Enforcement and ACS ⁽⁴⁾	(114,217,353)	(113,236,223)	(115,000,000)	(120,000,000)
TOTAL GF - GP TAXES	9,580,331,575	7,695,705,500	6,505,200,000	6,606,100,000

⁽¹⁾ See also School Aid Fund.

⁽²⁾ See General Fund Special Purpose Revenue, School Aid Fund, and Comprehensive Transportation Fund.

⁽³⁾ See also School Aid Fund.

⁽⁴⁾ Restricted revenues supporting Treasury collection activities are shown here as negatives.

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
GENERAL FUND - GENERAL PURPOSE REVENUE				
NON-TAX REVENUE				
Federal Aid	14,811,959	31,150,774	29,000,000	29,000,000
Local Agencies	115,169	968,174	500,000	500,000
Services	18,380,596	9,410,158	10,000,000	10,000,000
Licenses & Permits	37,375,608	45,348,647	29,000,000	29,000,000
Miscellaneous	231,560,872	172,691,606	180,000,000	182,000,000
Interest and Investment Profits	1,486,059	3,282,284	(30,000,000)	(65,000,000)
TOTAL GF - GP NON-TAX REVENUE	303,730,263	262,851,643	218,500,000	185,500,000
TRANSFERS FROM OUTSIDE GENERAL & SPECIAL REVENUE FUNDS				
Other Interfund Transfers Received	60,067,641	42,077,251	0	0
Liquor Purchase Revolving Fund	159,239,475	161,012,264	163,000,000	165,000,000
Transfers From Lottery Charitable Gaming and Other Funds	10,638,365	11,764,332	11,800,000	11,800,000
TOTAL GF - GP TRANSFERS	229,945,481	214,853,847	174,800,000	176,800,000
General Fund - General Purpose Summary				
GF - GP Tax Revenue	9,580,331,575	7,695,705,500	6,505,200,000	6,606,100,000
GF - GP Non-Tax Revenue	303,730,263	262,851,643	218,500,000	185,500,000
GF - GP Transfers	229,945,481	214,853,847	174,800,000	176,800,000
TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers	10,114,007,319	8,173,410,990	6,898,400,000	6,968,400,000
LESS: Interfund Transfers	(60,067,641)	(42,077,251)	0	0
	10,053,939,678	8,131,333,739	6,898,400,000	6,968,400,000
CONSENSUS TOTAL GENERAL FUND-GENERAL PURPOSE				
Excluding interfund transfers to GF-GP				
BUDGET ADJUSTMENTS				
Revenue Sharing Reductions	NA	NA	495,200,000	427,300,000
Charge School Aid Fund for Short-Term Borrowing	NA	NA	30,000,000	45,000,000
21st Century Jobs Trust Fund	NA	NA	37,500,000	0
2009 PA 106	NA	NA	342,800,000	388,900,000
Merit Award Trust Fund	NA	NA	140,000,000	0
Tax Credits	NA	NA	0	(3,000,000)
Tax Enforcement	NA	NA	0	15,000,000
Other Adjustments	NA	NA	21,400,000	0
TOTAL ADJUSTMENTS	NA	NA	1,066,900,000	873,200,000
TOTAL GENERAL FUND-GENERAL PURPOSE WITH ADJUSTMENTS	10,053,939,678	8,131,333,739	7,965,300,000	7,841,600,000
Excluding interfund transfers to GF-GP				

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
GENERAL FUND-SPECIAL PURPOSE/SPECIAL REVENUE AND PERMANENT FUNDS (EXCLUDING FEDERAL AID)				
Air Emission Fees	10,226,732	9,626,723	9,381,000	9,000,000
Airport Parking Revenue	22,627,107	19,929,392	19,100,000	19,100,000
Auto Repair Facilities Fees	3,846,575	3,853,414	3,827,000	3,827,000
Auto Theft Prevention Fund	6,652,590	6,448,305	6,185,800	6,247,600
Bottle Deposits Fund	31,939,511	23,553,236	11,641,959	10,761,265
Budget Stabilization Fund	65,756	23,068	21,800	22,000
Child Support Collections	38,311,200	32,451,789	29,531,700	29,531,700
Children's Trust Fund	982,123	2,529,858	3,822,700	3,824,100
Civil Infraction Fee	6,780,627	6,262,826	7,514,400	7,514,400
Civilian Conservation Endowment Fund	1,082,718	7,015	2,900	800
Conservation and Recreation Bond Proceeds	28,262,083	53,270,247	55,000	55,000
Contributions to Children of Veterans Tuition Grant Program	252,895	237,736	300,000	300,000
Convention Facility Development Fund	56,186,037	62,460,010	70,400,000	71,100,000
Corporation Fees	19,640,110	20,095,640	19,700,000	19,100,000
Correctional Industries Revolving Fund	16,063,565	15,814,930	20,623,600	21,476,800
Court Equity Fund	47,054,860	43,679,556	45,016,100	43,664,000
Court Fee Fund	7,791,258	7,147,902	7,500,000	7,500,000
Criminal Justice Info Cntr Service Fees	12,246,740	12,927,038	14,300,000	14,300,000
Dairy and Food Safety Fund	0	2,316,988	2,625,000	2,625,000
Delinquent Tax Collection Revenue & MARCS Revenue	113,720,782	112,632,439	115,000,000	120,000,000
Driver Fees	17,233,541	16,550,419	27,664,000	29,043,000
Emergency 911 Fund	22,154,020	28,717,601	27,400,000	27,400,000
Equine Development Fund	10,520,014	9,230,063	7,596,600	7,596,600
Fees and Collections (DCH)	4,733,704	4,862,613	8,818,900	8,007,200
Forest Development Fund	30,297,695	27,215,618	24,025,300	28,000,000
Game and Fish Protection Account	61,505,166	64,190,274	63,480,300	63,128,801

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
Game and Fish Protection Trust Fund	10,856,908	17,721,172	8,186,700	8,120,000
Groundwater & Freshwater Protection Fund	4,154,544	4,296,418	4,010,000	4,010,000
Group Insurance Fund, Flexible Spending and COBRA	5,876,653	5,789,744	8,726,900	8,836,900
Health and Safety Fund - Counties	18,640,106	2,085,577	2,201,000	1,610,000
Health Professions Regulatory Fund	18,448,341	19,208,060	22,986,700	23,938,700
Healthy Michigan Fund	39,232,136	37,435,105	37,364,000	36,152,000
Highway Safety Fund	13,488,817	12,275,269	12,500,000	12,500,000
Income and Assessments	21,020,907	20,658,467	20,647,600	21,582,500
Individual Income Tax - Refunds	931,600,000	963,500,000	0	0
Insurance Licensing Fees	4,679,017	6,712,410	5,745,000	5,745,000
Insurance Regulatory Fees	12,928,903	14,687,769	15,500,000	15,500,000
Judicial Technology Improvement Fund	4,862,685	4,551,720	4,450,000	4,450,000
Juror Compensation Fund	2,420,336	4,391,291	4,400,000	4,400,000
Land Reutilization Fund	1,888,686	1,271,273	950,000	950,000
Licensing & Inspection Fees (MDA)	5,949,923	3,658,985	3,465,300	3,465,300
Licensing & Regulation Fees (DELEG)	15,555,129	11,524,464	11,711,000	14,504,000
Liquor License Revenue	11,990,077	11,892,646	13,965,000	13,965,000
Liquor Operations	13,963,738	14,986,685	19,049,900	19,756,200
Local Funds - County Payback	54,782,011	41,732,300	32,420,300	30,567,400
Local Revenues - DCH	233,440,961	251,444,880	225,972,600	232,374,700
Local Vocational Rehabilitation Match	6,392,694	6,495,702	9,684,500	9,684,500
Lottery Operations	40,061,847	39,089,235	44,867,800	27,283,400
Low Income and Energy Efficiency Fund	85,269,833	83,766,319	85,000,000	85,000,000
Mackinac Island State Park Fund	1,598,201	1,556,176	1,649,200	1,721,100
Manufacturer Rebates	0	0	63,827,800	73,021,800
Medicaid Benefits Trust Fund	380,814,287	381,415,929	372,694,100	530,726,800
Merit Award Trust Fund	176,458,479	204,366,033	171,783,600	175,208,550
Michigan Employment Security Contingent Fund	10,001,519	1,066,481	12,000,000	12,000,000
Michigan Health Initiative Fund	9,838,411	9,032,746	9,100,000	9,100,000
Michigan Higher Education Assistance and Student Loan Authorities	19,103,753	17,977,004	34,645,000	35,305,800
Michigan Higher Education Assistance Authority Operating Fund	1,347,618	95,332	0	0
Michigan Justice Training Fund	7,016,619	6,336,372	6,300,000	6,000,000

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
Michigan Natural Resources Trust Fund	97,357,994	86,982,948	47,061,900	45,589,299
Michigan Nongame Fish and Wildlife Fund	446,144	858,245	271,700	276,900
Michigan State Fair/Exposition and Fairgrounds Fund	4,648,300	5,054,854	0	0
Michigan State Housing Development Authority	41,949,101	46,941,752	46,803,200	56,480,400
Michigan State Parks Endowment Fund	11,203,266	21,637,862	10,210,200	10,432,300
Michigan State Waterways Account	28,744,741	27,403,075	27,082,500	27,529,400
Michigan Veterans' Trust Fund	1,383,524	4,102,496	4,998,000	5,049,300
Motor Carrier Fees	5,554,451	2,957,984	2,915,425	3,500,000
Newborn Screening Fees	10,875,353	10,446,524	9,858,600	9,641,500
Nonpoint Discharge Elimination System Fees	3,120,572	2,892,759	2,900,000	2,900,000
Off Road Vehicle Account	3,404,318	3,597,592	3,314,800	3,343,300
Oil and Gas Regulatory Fund	14,904,637	5,234,340	5,000,000	9,000,000
Outdoor Recreation Legacy Account	2,333,967	2,256,937	2,234,000	2,231,500
Parole and Probation Oversight Fees	7,406,942	6,119,044	8,300,000	8,300,000
Public Utility Assessments	19,127,753	24,758,925	23,100,000	23,100,000
Quality Assurance Assessment Tax	1,023,766,209	859,482,288	743,135,300	1,116,914,800
Refined Petroleum Fund	53,521,558	51,310,053	52,399,110	52,350,929
Remuneration Fees	7,160,077	6,292,988	5,638,600	5,638,600
Retirement Operations	32,695,794	31,958,551	39,354,600	41,188,600
Safety Education and Training	9,148,457	9,200,904	9,175,000	9,175,000
Sales Tax - Revenue Sharing	1,076,214,607	1,040,031,192	972,600,000	1,032,100,000
Scrap Tire Regulatory Fund	4,420,436	3,920,278	3,900,000	3,900,000
Second Injury Fund	16,603,933	14,127,839	10,250,000	14,000,000
Secondary Road Patrol & Training Fund	12,868,462	11,939,927	11,214,000	11,214,000
Securities Fees	13,005,024	14,314,121	18,503,000	18,503,000
Self Insurer's Security Fund	6,182,449	8,456,992	9,100,000	9,000,000
Snowmobile Account	9,088,920	8,971,293	11,043,700	11,031,100
Solid Waste Program Fees	4,002,886	3,188,746	3,100,000	3,100,000
Special Financing Revenues - Medicaid	0	0	91,415,300	88,937,300
State Campaign Funds	1,199,670	1,100,595	1,500,000	1,500,000
State Casino Gaming Fund	33,425,592	33,778,739	34,138,974	34,213,217
State Construction Code Fund	8,017,378	10,537,213	14,296,600	7,365,400

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
Slate Court Sub - Fund	8,184,611	7,513,811	7,536,000	7,536,000
Slate Park Improvement Account	38,793,152	40,294,796	38,244,800	38,244,700
Supplemental Security Income Recoveries	11,816,594	13,879,492	14,858,600	18,195,800
Telephone Fees & Commissions	8,011,854	0	0	0
Traffic Law Enforcement and Safety	25,089,896	24,500,935	24,335,000	24,335,000
Transportation Admin Collection Fund	105,226,834	102,256,537	103,110,000	103,310,000
Twenty-First Century Jobs Fund	198,742,296	75,000,000	75,000,000	75,000,000
Victims Services Fund	10,339,473	9,252,975	9,000,000	9,000,000
Other Restricted Revenues	549,163,457	568,714,914	466,298,917	521,195,433
Total GF-Special Purpose/Special Revenue & Permanent Funds	6,253,011,230	5,988,326,779	4,774,535,885	5,444,927,694
Less: Interfund Transfers	(165,194,555)	(101,780,158)	(69,326,420)	(67,774,389)
Net Total GF-Special Purpose/Special Revenue & Permanent Funds	6,087,816,676	5,886,546,620	4,705,209,464	5,377,153,305
FEDERAL AID NOT ELSEWHERE ITEMIZED:				
Federal Aid: Agriculture	8,339,894	8,207,767	15,531,100	14,769,900
Federal Aid: Attorney General	3,438,566	3,238,605	8,277,800	8,656,000
Federal Aid: Capital Outlay (excluding transportation)	9,685,830	17,762,926	0	0
Federal Aid: Civil Rights	2,050,502	1,878,503	2,057,300	1,750,000
Federal Aid: Community Health	6,649,545,746	8,334,630,270	7,865,105,500	8,982,050,000
Federal Aid: FMAP Stimulus: Community Health	0	0	1,077,139,700	851,400,600
Federal Aid: Corrections	4,835,333	194,300,040	7,746,100	7,868,500
Federal Aid: Education	43,756,193	46,771,527	101,297,900	93,936,700
Federal Aid: Energy, Labor and Economic Growth	754,594,820	944,710,660	957,151,200	1,008,535,800
Federal Aid: Human Services	3,156,796,370	3,940,782,956	4,563,307,800	5,134,298,100
Federal Aid: Other ARRA Revenues: Human Services	0	0	376,850,200	785,712,400
Federal Aid: FMAP Stimulus: Human Services	0	0	17,314,900	13,467,500
Federal Aid: Higher Education	109,639,728	175,120,867	74,138,000	4,500,000
Federal Aid: Judiciary	3,615,548	4,197,065	5,126,500	5,376,500
Federal Aid: Management & Budget	0	324,224	0	0
Federal Aid: Military Affairs	59,417,170	61,932,569	77,347,300	82,203,800
Federal Aid: Natural Resources & Environment	99,229,421	103,594,729	252,998,700	261,331,500
Federal Aid: State	1,299,314	2,818,356	1,810,000	1,810,000
Federal Aid: State Police	90,969,983	180,563,891	93,839,000	104,487,200
Federal Aid: Technology, Management & Budget	0	0	11,219,800	2,917,800
Federal Aid: Treasury	0	789,266	95,782,000	94,476,600
TOTAL FEDERAL AID excluding Transportation and School Aid	10,997,214,420	14,026,357,126	15,614,784,500	17,470,502,000

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
SCHOOL AID FUND REVENUE				
TAXES and LOTTERY				
Sales Tax	4,928,091,586	4,424,669,497	4,281,800,000	4,320,900,000
Use Tax	459,276,639	428,118,955	381,000,000	386,700,000
Income Tax Earmarking	2,117,698,066	1,895,401,661	1,777,400,000	1,802,800,000
State Education Tax	2,079,703,081	2,040,647,190	1,875,000,000	1,800,000,000
Real Estate Transfer Tax	169,834,796	125,293,610	127,000,000	135,000,000
Michigan Business Tax	341,000,000	669,340,776	726,700,000	746,300,000
Tobacco	424,728,402	410,429,093	384,200,000	367,000,000
Industrial & Commercial Facilities Tax	86,129,471	41,810,417	32,800,000	32,800,000
Casino Wagering Tax	112,067,051	108,079,614	109,600,000	112,000,000
Liquor Excise Tax	36,915,088	37,615,504	38,200,000	38,500,000
Other Specific Taxes	16,841,907	16,253,124	16,200,000	16,300,000
Sub-Total SAF Taxes	10,772,286,089	10,197,659,442	9,750,000,000	9,758,300,000
Transfer from Lottery Ticket Sales	740,735,155	724,469,621	708,100,000	722,200,000
CONSENSUS TOTAL SCHOOL AID FUND	11,513,021,245	10,922,129,063	10,458,100,000	10,480,500,000
NON-TAX REVENUE				
Federal Aid	1,377,663,893	2,101,052,702	2,067,623,600	1,864,328,900
Transfer from General Fund	29,234,024	76,510,604	30,206,200	30,206,200
Recovery of Prior Year State Aid and Receivables	30,864,013	32,594,704	0	0
Sub-Total SAF Other Source Revenues	1,437,761,930	2,210,158,009	2,097,829,800	1,894,535,100
TOTAL SCHOOL AID FUND before Interfund Transfers	12,950,783,175	13,132,287,073	12,555,929,800	12,375,035,100
BUDGET ADJUSTMENTS				
Tax Restructuring Reform	NA	NA	0	554,300,000
Lottery Reforms	NA	NA	0	5,000,000
Tax Enforcement	NA	NA	0	2,300,000
TOTAL ADJUSTMENTS	NA	NA	0	561,600,000
Less Interfund Transfers	(29,234,024)	(76,510,604)	(30,206,200)	(30,206,200)
TOTAL SCHOOL AID FUND after adjustments excluding interfund transfers	12,921,549,151	13,055,776,469	12,525,723,600	12,906,428,900

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
TRANSPORTATION: AERONAUTICS FUND 114				
Aviation Fuel Tax	5,344,254	5,691,549	5,400,000	5,400,000
Federal Aid	108,294,812	115,840,031	104,874,700	102,927,900
Local Agencies	34,104	44,216	16,023,000	16,023,000
Transfers and Other	11,052,100	10,313,672	6,976,000	7,041,000
TOTAL AERONAUTICS FUND	124,725,269	131,889,467	133,273,700	131,391,900
TRANSPORTATION: TRUNKLINE FUND 116				
Federal Aid	692,226,375	916,841,236	1,060,167,700	585,167,700
Local Agencies	10,240,878	16,254,442	30,000,000	30,000,000
Licenses and Permits	5,996,453	4,653,962	5,890,000	17,890,000
Transfer from Michigan Transportation & Other Funds	822,617,556	773,873,612	649,441,100	656,364,500
Interest from Common Cash Investment	22,053,286	5,627,959	1,350,000	2,656,000
Other	37,508,953	31,756,848	18,634,000	17,634,000
TOTAL TRUNKLINE FUND	1,590,643,501	1,749,008,059	1,765,482,800	1,309,712,200
TRANSPORTATION: BLUE WATER BRIDGE FUND 118				
Tolls and Rentals	15,299,933	12,437,454	19,593,000	21,282,000
Interest From Common Cash Investment and Other	659,025	475,514	38,000	63,000
TOTAL BLUE WATER BRIDGE TRANSPORTATION FUND	15,958,958	12,912,968	19,631,000	21,345,000
TRANSPORTATION: MICHIGAN TRANSPORTATION FUND 119				
Diesel and Motor Carrier Fuel Tax	140,057,117	117,633,266	115,000,000	115,000,000
Gasoline and Liquefied Petroleum Gas Tax	849,279,101	846,411,865	832,400,000	826,400,000
Motor Vehicle Registration Tax	855,035,864	839,653,571	828,000,000	821,000,000
Licenses, Permits, Other and Transfers	39,976,180	33,546,769	33,500,000	33,500,000
Interest From Common Cash Investment	5,220,273	1,744,825	525,000	1,031,000
TOTAL MICHIGAN TRANSPORTATION FUND	1,889,568,535	1,838,990,297	1,809,425,000	1,796,931,000
TRANSPORTATION: COMPREHENSIVE TRANSPORTATION FUND 120				
Sales Tax	82,114,293	82,886,802	77,000,000	79,000,000
Federal Aid	31,996,786	33,820,039	62,162,100	64,385,000
Local Agencies	0	0	10,050,000	10,050,000
Transfer from Michigan Transportation & Other Funds	161,782,258	156,969,812	152,177,300	150,884,800
Interest From Common Cash Investment and Other	1,712,430	1,416,707	426,000	524,000
TOTAL COMPREHENSIVE TRANSPORTATION FUND	277,605,766	275,093,361	301,815,400	304,843,800
TRANSPORTATION BOND PROCEEDS	143,298,480	328,349,172	4,000,000	0
TOTAL TRANSPORTATION REVENUE	4,041,800,511	4,336,243,324	4,033,627,900	3,564,223,900
LESS: Interfund Transfers	(984,399,814)	(930,843,425)	(801,618,400)	(807,249,300)
NET TOTAL TRANSPORTATION REVENUE After Transfers	3,057,400,697	3,405,399,899	3,232,009,500	2,756,974,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2007 - 2008	ACTUAL FY 2008 - 2009	ESTIMATES FY 2009 - 2010	ESTIMATES FY 2010 - 2011
All Funds Summary				
General Fund - General Purpose	10,114,007,319	8,173,410,990	6,898,400,000	6,968,400,000
General Fund - General Purpose Budget Adjustments	NA	NA	1,066,900,000	873,200,000
General Fund - Special Purpose/Special Revenue & Permanent Fund	6,253,011,231	5,988,326,778	4,774,535,884	5,444,927,694
Federal Aid Not Elsewhere Categorized	10,997,214,420	14,026,357,126	15,614,784,500	17,470,502,000
School Aid Fund	12,950,783,175	13,132,287,073	12,555,929,800	12,375,035,100
School Aid Fund Budget Adjustments	0	0	0	561,600,000
Transportation Revenues	4,041,800,511	4,336,243,324	4,033,627,900	3,564,223,900
TOTAL All FUNDS	44,356,816,656	45,656,625,291	44,944,178,084	47,257,888,694
LESS: Interfund Transfers	(1,238,896,034)	(1,151,211,438)	(901,151,020)	(905,229,889)
NET TOTAL REVENUE after transfers	43,117,920,622	44,505,413,853	44,043,027,064	46,352,658,805

OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING

General Fund Unreserved Balance	259,080,000	457,870,000	176,700,000	33,100,000
Restricted Fund Subfunds of the General Fund (Unreserved Balance)	330,618,314	366,222,980	381,029,854	381,029,854
Budget Stabilization Fund Unreserved Balance	2,090,052	2,155,807	2,157,075	2,178,600
School Aid Stabilization Fund Balance (Unreserved Balance)	82,400,000	247,100,000	238,200,000	78,500,000
Special Revenue and Permanent Funds Balances (Available)	173,436,131	172,653,282	185,928,706	185,928,706
Sub-Total Fund Balances	847,624,497	1,246,002,069	984,015,635	680,737,160
NET TOTAL RESOURCES	43,965,545,119	45,751,415,922	45,027,042,700	47,033,395,965



Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2011 Budget Recommendation
10.664	Cooperative Forestry Assistance Grantee: Natural Resources and Environment Grantee: Agriculture	13,561,900 1,000,000
16.588	Violence Against Women Formula Grants Grantee: Human Services Subrecipient State Agency: State Police	3,698,000 175,000
17.503	Occupational Safety and Health-State Program Grantee: Energy, Labor & Economic Growth Subrecipient State Agency: Attorney General	14,153,000 100,800
20.600	State and Community Highway Safety Grantee: State Police Subrecipient State Agency: Judiciary Subrecipient State Agency: Community Health	8,544,500 1,300,000 400,000
66.460	Nonpoint Source Implementation Grants Grantee: Natural Resources and Environment Subrecipient State Agency: Agriculture	6,500,000 255,000
84.002	Adult Education-State Program Grantee: Energy, Labor & Economic Growth Subrecipient State Agency: Corrections Subrecipient State Agency: Human Services	20,000,000 903,600 50,000
84.010	Title I Grants Disadvantaged Grantee: Education Subrecipient State Agency: Education via School Aid Budget Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget	4,970,300 517,479,800 833,700
84.013	Title I Program for Neglected and Delinquent Children Grantee: Education Subrecipient State Agency: Corrections Subrecipient State Agency: Human Services	10,500 529,100 274,000
84.027	Special Education-Grants to States Grantee: Education Subrecipient State Agency: Education via School Aid Budget Subrecipient State Agency: Human Services Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget Subrecipient State Agency: Corrections	6,977,800 388,950,000 286,000 200,000 109,300

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number Title	FY 2011 Budget Recommendation
84.048 Vocational Education-Basic Grants to States	
Grantee: Education	1,964,700
Subrecipient State Agency: Education via School Aid Budget	28,500,000
Subrecipient State Agency: Energy, Labor & Economic Growth	19,000,000
Subrecipient State Agency: Corrections	280,700
Subrecipient State Agency: Human Services	34,100
Subrecipient State Agency: Technology, Management and Budget - via School Aid Budget	24,000
84.181 Special Ed-Grants for Infants and Families with Disabilities	
Grantee: Education	573,100
Subrecipient State Agency: Education via School Aid Budget	15,000,000
Subrecipient State Agency: Human Services	186,000
Subrecipient State Agency: Technology, Management and Budget - via School Aid Budget	50,000
84.186 Safe and Drug-Free Schools and Communities-State Grants	
Grantee: Education	771,300
Subrecipient State Agency: Education via School Aid Budget	10,808,600
Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget	31,000
84.196 Homeless Children and Youth Grants	
Grantee: Education	542,700
Subrecipient State Agency: Education via School Aid Budget	1,814,100
Subrecipient State Agency: Technology, Management and Budget - - via School Aid Budget	21,000
84.318 Education Technology Grants	
Grantee: Education	990,700
Subrecipient State Agency: Education via School Aid Budget	8,461,800
Subrecipient State Agency: Technology, Management, and Budget via School Aid Budget	850,000
84.336 Improving Teacher Quality	
Grantee: Education	3,342,300
Subrecipient State Agency: Education via School Aid Budget	111,111,900
Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget	220,000

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2011 Budget Recommendation
84.365	English Language Acquisition Grants	
	Grantee: Education	546,400
	Subrecipient State Agency: Education via School Aid Budget	10,322,300
	Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget	70,000
84.369	State Assessments	
	Grantee: Education	7,239,300
	Subrecipient State Agency: Education via School Aid Budget	5,063,700
	Subrecipient State Agency: Technology, Management, and Budget - via School Aid Budget	400,000
93.558	Temporary Assistance For Needy Families	
	Grantee: Human Services	965,843,858
	Subrecipient State Agency: Energy, Labor & Economic Growth	68,580,300
	Subrecipient State Agency: Community Health	19,645,500
	Subrecipient State Agency: Civil Service	1,700,000
93.568	Low-Income Home Energy Assistance	
	Grantee: Human Services	130,212,000
	Subrecipient State Agency: Treasury	2,755,900
93.991	Preventive Health and Health Services Block Grant	
	Grantee: Department of Community Health	3,589,800
	Subrecipient State Agency: Human Services	1,168,000



SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2011 Budget Recommendation
Bottle Deposits Fund	
Natural Resources and Environment	14,870,600
Treasury	250,000
Comprehensive Transportation Fund	
Transportation	237,120,000
Civil Service Commission	200,000
Attorney General	171,700
Technology, Management, and Budget	37,400
Legislative Auditor General	25,200
Treasury	6,500
Forest Development Fund	
Natural Resources and Environment	32,957,000
Treasury	2,600
Game and Fish Protection Account	
Natural Resources and Environment	66,390,200
Treasury	1,787,900
Attorney General	827,500
Technology, Management, and Budget	283,200
Legislative Auditor General	22,000
Game and Fish Protection Trust Fund	
Natural Resources and Environment	6,000,000
Treasury	64,900
Michigan Merit Award Trust Fund	
Community Health	149,220,500
Higher Education	30,100,000
Treasury	900,000
State Police	630,900
Attorney General	408,600
Michigan Natural Resources Trust Fund	
Natural Resources and Environment	2,933,600
Treasury	808,100
Michigan Nongame Fish and Wildlife Fund	
Natural Resources and Environment	727,300
Treasury	3,500
Michigan State Parks Endowment Fund	
Natural Resources and Environment	12,007,800
Treasury	81,200

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2011 Budget Recommendation
Michigan State Waterways Account	
Natural Resources and Environment	28,160,100
State	1,354,400
Treasury	231,000
Attorney General	108,300
Technology, Management, and Budget	73,100
Legislative Auditor General	7,600
Michigan Transportation Fund	
Transportation	943,331,000
State	20,000,000
Treasury	8,383,600
Natural Resources and Environment	1,132,600
Legislative Auditor General	204,300
Off-Road Vehicle Account	
Natural Resources and Environment	5,202,800
State	144,800
Snowmobile Account	
Natural Resources and Environment	12,579,100
State	366,200
Treasury	2,100
State Aeronautics Fund	
Transportation	16,551,900
Attorney General	169,500
Civil Service Commission	150,000
Treasury	76,100
Technology, Management, and Budget	32,800
Legislative Auditor General	19,600
State Park Improvement Account	
Natural Resources and Environment	44,460,700
Treasury	1,400
State Trunkline Fund	
Transportation	640,439,500
State Police	10,203,200
Civil Service Commission	5,697,000
Attorney General	2,867,300
Technology, Management, and Budget	1,218,600
Legislative Auditor General	474,600
Treasury	142,200

FISCAL YEAR 2011 GOVERNOR'S RECOMMENDATION

DEPARTMENT/AGENCY	GROSS	IDG/IDT	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF/GP	STATE SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
Agriculture	77,677,800	289,100	77,388,700	14,769,900	0	260,100	33,530,000	28,828,700	62,358,700	1,500,000
Attorney General	74,877,100	21,762,300	53,114,800	8,656,000	0	0	15,290,800	29,168,000	44,458,800	0
Civil Rights	13,082,100	0	13,082,100	1,750,000	0	0	53,000	11,279,100	11,332,100	0
Community Health	14,396,931,000	54,224,300	14,342,706,700	8,982,050,000	232,374,700	80,272,500	2,180,147,100	2,016,461,800	4,196,608,900	1,214,931,400
Federal - FMAP Stimulus				851,400,600						
Corrections	1,967,197,800	915,400	1,966,282,400	7,868,500	443,100	0	82,066,300	1,875,904,500	1,957,970,800	92,562,700
Education	131,286,000	0	131,286,000	93,936,700	7,220,000	3,124,500	6,992,900	20,011,900	27,004,800	5,850,000
Energy, Labor & Economic Growth	1,496,943,800	13,503,500	1,483,440,300	1,008,535,800	16,020,400	6,085,000	407,372,400	45,426,700	452,799,100	40,050,100
Executive Office	4,630,800	0	4,630,800	0	0	0	0	4,630,800	4,630,800	0
Higher Education:										
Community Colleges	299,100,500	0	299,100,500	0	0	0	0	299,100,500	299,100,500	299,100,500
Universities & Financial Aid	1,578,278,500	0	1,578,278,500	4,500,000	0	0	30,400,000	1,543,378,500	1,573,778,500	0
Human Services	7,004,335,700	1,130,300	7,003,205,400	5,134,298,100	35,251,800	9,491,500	65,778,800	959,205,300	1,024,984,100	111,792,500
Federal - FMAP Stimulus				13,467,500						
Federal - ARRA				785,712,400						
Judiciary	258,823,800	3,553,500	255,270,300	5,376,500	6,340,400	842,500	89,979,800	152,731,100	242,710,900	121,582,400
Legislative Auditor General	14,496,400	1,801,500	12,694,900	0	0	0	1,539,900	11,155,000	12,694,900	0
Legislature	102,084,100	0	102,084,100	0	0	400,000	1,109,800	100,574,300	101,684,100	0
Military and Veterans Affairs	151,045,400	1,154,700	149,890,700	82,203,800	653,200	1,422,200	28,660,400	36,951,100	65,611,500	120,000
Natural Resources and Environment	720,653,900	12,517,700	708,136,200	261,331,500	0	6,509,100	398,191,300	42,104,300	440,295,600	9,491,600
School Aid	12,863,312,000	0	12,863,312,000	1,864,328,900	0	0	10,988,776,900	30,206,200	10,988,983,100	10,869,499,800
State	212,567,300	20,000,000	192,567,300	1,810,000	0	100	176,578,000	14,179,200	190,757,200	1,360,800
State Police	533,690,500	24,443,500	509,247,000	104,487,200	7,677,600	273,300	137,878,400	258,930,500	396,808,900	17,266,900
Technology, Management and Budget	736,193,600	589,368,200	146,825,400	2,917,800	1,380,400	170,800	84,881,000	57,475,400	142,356,400	0
State Building Authority	245,370,600	0	245,370,600	0	0	0	0	245,370,600	245,370,600	0
Gubernatorial Transition Costs	1,500,000	0	1,500,000	0	0	0	0	1,500,000	1,500,000	0
Transportation	2,760,929,300	878,300	2,760,051,000	752,480,600	56,496,000	0	1,951,074,400	0	1,951,074,400	1,200,248,900
Treasury										
Operations	1,446,931,300	13,978,700	1,432,952,600	38,061,700	2,066,500	0	1,333,177,200	59,647,200	1,392,824,400	1,191,815,100
Debt Service	134,909,200	0	134,909,200	0	0	0	15,514,500	119,394,700	134,909,200	0
Michigan Strategic Fund	169,019,400	81,200	168,938,200	56,414,900	0	852,200	88,582,900	23,088,200	111,671,100	1,000,000
Subtotal FY 2011 Recommendation	\$47,395,867,900	\$759,602,200	\$46,636,265,700	\$20,076,358,400	\$365,924,100	\$109,703,800	\$18,097,575,800	\$7,986,703,600	\$26,084,279,400	\$15,178,172,700
Employee Reforms	(\$296,699,800)							(\$116,595,500)		
TOTAL	\$47,099,168,100							\$7,870,108,100		

Percentage of State Spending from State Sources as Payments to Local Units of Government

58.19%



GENERAL FUND/GENERAL PURPOSE
(\$ in Thousands)

DEPARTMENT/AGENCY	FY10 Current Law*	FY11 Governor's Recommended	Difference FY11 Governor's Rec. from FY10 Current Law	% Change FY11 Governor's Rec. from FY10 Current Law
Agriculture	30,050.5	28,828.7	(1,221.8)	-4.1%
Attorney General	28,785.0	29,168.0	383.0	1.3%
Civil Rights	11,706.4	11,279.1	(427.3)	-3.7%
Community Health	2,304,602.5	2,016,461.8	(288,140.7)	-12.5%
Corrections	1,903,641.9	1,875,904.5	(27,737.4)	-1.5%
Education	19,429.6	20,011.9	582.3	3.0%
Energy, Labor & Economic Growth	54,784.1	45,426.7	(9,357.4)	-17.1%
Executive Office	4,823.7	4,630.8	(192.9)	-4.0%
Higher Education:				
Community Colleges	299,360.5	299,100.5	(260.0)	-0.1%
Universities & Financial Aid	1,507,705.2	1,543,378.5	35,673.3	2.4%
Human Services	852,297.6	959,205.3	106,907.7	12.5%
Judiciary	153,132.8	152,731.1	(401.7)	-0.3%
Legislative Auditor General	11,619.8	11,155.0	(464.8)	-4.0%
Legislature	104,764.9	100,574.3	(4,190.6)	-4.0%
Military and Veterans Affairs	36,425.5	36,951.1	525.6	1.4%
Natural Resources and Environment	43,949.4	42,104.3	(1,845.1)	-4.2%
School Aid	30,206.2	30,206.2	0.0	0.0%
State	17,955.4	14,179.2	(3,776.2)	-21.0%
State Police	267,259.2	258,930.5	(8,328.7)	-3.1%
Technology, Management & Budget	58,203.7	57,475.4	(728.3)	-1.3%
State Building Authority	235,370.6	245,370.6	10,000.0	4.2%
Gubernatorial Transition Costs		1,500.0		
Transportation	0.0	0.0		0.0%
Treasury				
Operations	60,166.0	59,647.2	(518.8)	-0.9%
Debt Service	64,663.0	119,394.7	54,731.7	84.6%
Michigan Strategic Fund	27,135.7	23,088.2	(4,047.5)	-14.9%
Employee Reforms		(\$116,595.5)		
TOTAL FY 2011 Recommendation	\$8,128,039.2	\$7,870,108.1	(\$142,835.6)	-3.2%

*Adjusted for Program Transfers

ALL FUNDS
(\$ in Thousands)

DEPARTMENT/AGENCY	FY10 Current Law*	FY11 Governor's Recommended	Difference FY11 Governor's Rec. from FY10 Current Law	% Change FY11 Governor's Rec. from FY10 Current Law
Agriculture	80,369.0	77,677.8	(2,691.2)	-3.3%
Attorney General	73,873.6	74,877.1	1,003.5	1.4%
Civil Rights	13,763.7	13,082.1	(681.6)	-5.0%
Community Health	13,073,089.3	14,396,931.0	1,323,841.7	10.1%
Corrections	1,956,122.8	1,967,197.8	11,075.0	0.6%
Education	113,354.7	131,286.0	17,931.3	15.8%
Energy, Labor & Economic Growth	1,462,857.2	1,496,943.8	34,086.6	2.3%
Executive Office	4,823.7	4,630.8	(192.9)	-4.0%
Higher Education:				
Community Colleges	299,360.5	299,100.5	(260.0)	-0.1%
Universities & Financial Aid	1,612,243.3	1,578,278.5	(33,964.8)	-2.1%
Human Services	5,916,921.0	7,004,335.7	1,087,414.7	18.4%
Judiciary	258,762.3	258,823.8	61.5	0.0%
Legislative Auditor General	14,961.2	14,496.4	(464.8)	-3.1%
Legislature	106,274.7	102,084.1	(4,190.6)	-3.9%
Military and Veterans Affairs	146,149.8	151,045.4	4,895.6	3.3%
Natural Resources and Environment	711,928.1	720,653.9	8,725.8	1.2%
School Aid	12,826,346.0	12,863,312.0	36,966.0	0.3%
State	209,130.2	212,567.3	3,437.1	1.6%
State Police	535,801.6	533,690.5	(2,111.1)	-0.4%
Technology, Management & Budget	728,312.9	736,193.6	7,880.7	1.1%
State Building Authority	235,370.6	245,370.6	10,000.0	4.2%
Gubernatorial Transition Costs		1,500.0		
Transportation	3,259,638.0	2,760,929.3	(498,708.7)	-15.3%
Treasury				
Operations	1,420,298.3	1,446,931.3	26,633.0	1.9%
Debt Service	80,177.5	134,909.2	54,731.7	68.3%
Michigan Strategic Fund	114,262.4	169,019.4	54,757.0	47.9%
Employee Reforms				
TOTAL FY 2011 Recommendation	\$45,254,192.4	(\$296,699.8) \$47,099,168.1	\$1,844,975.7	4.1%

*Adjusted for Program Transfers

HISTORICAL EXPENDITURES/APPROPRIATIONS GENERAL FUND/GENERAL PURPOSE

DEPARTMENT/AGENCY	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Expend.	FY09 Expend.	FY10 Current Law	FY11 Exec. Rec.
Agriculture	57,084,484	49,982,697	38,482,386	32,586,695	30,371,748	28,642,137	28,830,541	31,343,641	28,789,293	30,050,500	28,828,700
Attorney General	34,868,529	34,607,010	29,591,865	27,442,334	30,597,538	32,301,451	30,339,022	31,479,029	30,402,847	28,785,000	29,168,000
Capital Outlay	320,167,644	360,185,429	315,021,558	228,536,732	244,177,825	7,497,908	235,358,492	220,421,286	231,622,691	235,370,600	245,370,600
Career Development	43,751,883	29,176,898	29,063,730	26,934,332							
Civil Rights	14,222,922	13,522,922	12,038,667	11,521,471	11,434,943	12,073,552	11,445,430	11,771,161	11,573,335	11,706,400	11,279,100
Civil Service	12,583,361	9,757,483	9,650,598	7,540,085	6,885,622	6,516,518	5,847,290	5,590,433			
Community Health	2,688,930,680	2,484,327,571	2,379,401,584	2,625,862,524	2,552,308,402	2,916,259,695	3,078,095,654	3,142,139,136	2,443,109,120	2,304,602,500	2,016,461,800
Consumer and Industry Services	83,001,519	36,506,944	30,615,290	11,253,712							
Corrections	1,605,334,848	1,585,429,705	1,585,006,018	1,568,343,931	1,698,586,577	1,814,658,921	1,866,390,546	1,981,953,410	1,779,441,272	1,903,641,900	1,875,904,500
Education	35,074,679	34,296,626	28,864,464	26,265,176	25,609,149	14,918,731	5,779,402	6,823,871	7,160,078	19,429,600	20,011,900
Energy, Labor and Economic Growth	95,089,437	96,847,348	75,198,473	60,678,599	45,337,101	42,921,148	39,992,165	44,318,727	59,316,473	54,784,100	45,426,700
Environmental Quality				1,455,926							
Executive Office	5,604,427	5,443,277	5,023,198	4,673,035	31,444,584	31,277,560	30,530,551	42,452,208	38,467,057		
Family Independence Agency	1,253,547,822	1,190,047,924	1,118,369,205	1,075,042,695	5,163,454	5,311,867	5,134,346	5,170,371	4,977,867	4,823,700	4,630,800
Higher Education											
Community Colleges	314,915,220	319,867,153	307,512,112	276,779,312	294,105,851	281,230,375	247,665,181	318,938,465	298,966,989	299,360,500	299,100,500
Universities/Financial Aid	1,783,607,788	1,813,577,317	1,741,585,507	1,551,339,299	1,625,896,322	1,576,725,602	1,364,791,330	1,670,704,215	1,543,724,474	1,507,705,200	1,543,378,500
History, Arts and Libraries		65,181,649	59,910,566	44,215,636	45,196,011	41,846,792	38,330,469	38,773,711	38,426,890		
Human Services					1,108,146,460	1,166,359,327	1,220,343,336	1,314,675,746	1,188,617,890	852,297,600	959,205,300
Information Technology		0	0	0	0	0	0	0	0		
Judiciary	176,614,842	173,567,315	172,128,220	161,402,026	160,262,517	156,842,146	157,564,000	157,690,137	156,304,254	153,132,800	152,731,100
Legislative Auditor General	13,203,021	12,437,266	11,499,285	10,904,330	11,377,788	12,563,428	11,541,867	12,216,535	12,025,831	11,619,800	11,155,000
Legislature	113,442,020	113,288,721	110,767,232	102,090,665	105,859,203	110,950,635	114,006,059	111,898,054	108,538,191	104,764,900	100,574,300
Library of Michigan	33,037,453	63,366,159	39,401,356	32,044,396	34,077,757	33,763,107	32,854,157	37,016,989	57,902,890	27,135,700	23,088,200
Management and Budget	71,047,662	44,140,862	52,581,586	37,986,911	53,697,535	32,971,544	29,249,923	32,962,448	27,704,072	36,425,500	36,951,100
Michigan Strategic Fund	65,087,705	40,371,417	37,843,422	35,563,744	36,897,345	39,418,528	37,771,209	39,538,471	36,869,791		
Military and Veterans Affairs	42,361,955	49,393,752	44,370,778	31,553,854	28,706,106	26,010,564	31,843,394	23,679,609	9,865,538		
Natural Resources	57,274,846										
Natural Resources & Environment											
School Aid	385,227,875	198,091,139	380,056,273	377,797,148	164,136,628	62,713,844	34,109,532	29,126,951	76,510,604	43,949,400	42,104,300
State	66,418,745	17,815,906	16,914,490	20,586,155	12,894,506	21,544,110	15,531,133	23,885,427	20,300,788	30,206,200	30,206,200
State Police	319,542,658	296,937,551	279,741,169	236,522,805	242,268,776	243,487,021	241,551,378	271,105,385	172,035,648	17,955,400	258,930,500
Technology, Management & Budget										58,203,700	57,475,400
Gubernatorial Transition Costs											1,500,000
Transportation											0
Treasury	77,418,281	63,806,614	67,520,976	61,296,587	123,555,517	482,693,722	266,451,630	163,095,232	73,223,720	60,166,000	59,647,200
Debt Service	90,745,200	96,014,321	21,486,853	34,268,206	65,073,251	46,571,578	4,833,816	53,293,503	50,734,853	64,663,000	119,394,700
Employee Reforms											
TOTALS	\$9,859,207,506	\$9,297,988,510	\$9,999,646,862	\$8,722,488,318	\$8,794,068,516	\$9,248,071,811	\$9,186,181,853	\$9,822,064,148	\$8,506,612,456	\$8,128,039,200	(116,595,500) \$7,870,108,100

HISTORICAL EXPENDITURES/APPROPRIATIONS ALL FUNDS

DEPARTMENT/AGENCY	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Expend.	FY09 Expend.	FY10 Current Law	FY11 Exec. Rec.
Agriculture	90,325,582	93,965,565	98,813,941	85,609,414	90,936,646	96,976,844	87,521,988	82,980,488	82,475,560	72,573,188	80,369,000	77,677,800
Attorney General	53,047,391	55,788,901	55,818,966	51,267,974	50,857,891	50,572,911	61,592,188	61,730,208	69,457,429	68,911,093	73,873,600	74,877,100
Capital Outlay	509,342,187	503,215,119	596,661,057	474,817,118	461,261,784	463,872,896	214,551,440	445,175,906	383,270,768	405,112,519	235,370,600	245,370,600
Career Development	392,500,509	470,999,354	476,701,552	476,592,933	476,468,780	13,158,623	13,701,321	13,849,938	13,849,312	13,492,101	13,763,700	13,082,100
Civil Rights	14,646,385	15,046,472	14,704,059	13,362,340	12,388,793	26,808,579	28,593,540	27,761,202	27,082,507			
Civil Service	39,874,163	31,444,218	29,461,664	28,586,026	24,162,630	10,476,690,014	10,310,266,349	11,089,797,821	11,954,835,930		13,084,836,300	14,396,931,000
Community Health	8,215,483,585	9,024,835,601	9,314,440,367	9,634,338,088	10,050,281,931	1,781,323,331	1,896,846,849	1,953,418,931	2,036,635,854	2,036,941,638	1,956,122,800	1,967,197,800
Consumer and Industry Services	410,919,610	441,915,121	514,757,723	523,955,247	515,316,181	101,073,155	88,110,788	59,925,870	61,927,616	64,566,200	112,871,600	131,286,000
Corrections	1,581,552,155	1,702,965,571	1,687,302,370	1,680,836,693	1,663,133,113	1,007,466,635	1,109,855,068	1,140,472,553	1,181,354,299	1,367,643,100	1,462,857,200	1,496,943,900
Education	859,779,826	829,602,201	913,096,820	143,473,615	5,499,717	1,007,466,635	282,013,558	205,009,588	219,067,682	204,037,900		
Energy, Labor and Economic Growth	253,398,133	277,186,445	294,778,060	273,053,764	272,505,818	213,751,134	5,311,867	5,170,371		4,977,867	4,823,700	4,630,800
Environmental Quality	5,411,980	5,684,393	5,443,277	5,023,198	4,673,035	5,163,454						
Executive Office	3,389,891,595	3,655,699,431	3,870,634,540	3,888,575,125	3,945,046,955							
Family Independence Agency												
Higher Education												
Community Colleges	297,158,459	315,679,214	320,211,913	310,249,085	276,779,312	294,105,851	281,230,375	247,665,181	318,938,465	298,966,989	299,360,500	299,100,500
Universities/Financial Aid	1,775,304,640	1,874,447,620	1,946,955,555	1,844,786,350	1,643,825,936	1,708,947,643	1,716,103,763	1,597,528,256	1,874,252,990	1,741,557,796	1,612,243,300	1,578,278,500
History, Arts and Libraries			73,431,526	69,963,804	57,234,066	56,005,797	51,380,500	48,835,420	47,831,005	50,440,406		0
Human Services							4,360,299,152	4,654,518,972	4,621,555,720	5,325,801,517	5,916,921,000	7,004,335,700
Information Technology			484,505,913	397,743,852	347,377,755	312,564,019	347,635,573	341,682,415	365,087,470	372,435,920	258,762,300	258,823,800
Judiciary	223,044,229	232,491,773	232,041,240	232,215,174	246,621,704	244,779,865	242,790,732	244,620,557	247,401,193	241,415,358	14,961,200	14,496,400
Legislative Auditor General	14,541,223	15,254,871	14,901,104	15,034,274	14,492,811	15,271,899	16,644,377	16,105,142	17,063,712	17,063,712	106,274,700	102,084,100
Legislature	105,202,720	113,703,607	113,672,509	111,712,149	103,430,750	107,184,317	112,311,185	115,154,002	113,312,121	109,705,797		
Library of Michigan	35,531,114	37,321,104										
Management and Budget	157,518,726	169,723,338	190,815,906	175,367,655	206,221,019	221,389,839	236,730,773	222,622,219	242,514,875	300,420,008	114,262,400	169,019,400
Michigan Strategic Fund	102,804,885	165,836,761	104,367,503	129,052,356	136,209,153	158,468,905	176,594,595	139,342,844	153,448,175	168,184,761	146,149,800	151,045,400
Military and Veterans Affairs	99,580,645	99,580,645	102,663,243	101,719,314	100,394,463	106,902,384	114,935,779	116,166,538	147,170,057	156,993,535	12,823,571,000	212,567,300
Natural Resources	250,254,611	262,270,230	263,470,987	256,141,096	246,165,488	258,651,775	267,054,421	306,730,929	274,073,772	258,679,524	711,928,100	720,653,900
Natural Resources & Environment											12,823,571,000	12,823,571,000
School Aid	10,069,742,011	10,958,833,235	11,373,862,748	12,345,548,212	12,302,062,224	12,434,323,000	12,680,980,599	12,721,059,000	12,790,183,678	13,135,762,870	209,130,200	212,567,300
State	166,861,198	180,378,930	169,021,700	160,242,047	164,985,271	189,689,706	233,886,011	196,183,845	187,562,850	187,562,850	527,312,700	533,690,500
State Police	363,551,360	418,779,922	403,696,171	393,829,084	401,853,368	456,125,977	493,560,238	457,997,146	489,853,718	483,784,727	736,193,600	736,193,600
Technology, Management & Budget												
Gubernatorial Transition Costs												
Transportation	2,660,470,554	2,775,245,805	2,857,404,627	2,858,865,148	2,957,280,073	2,920,553,025	2,940,680,294	2,779,953,122	2,844,829,778	2,893,590,954	3,259,638,000	2,760,929,300
Treasury	2,306,625,811	2,458,403,396	2,457,411,255	2,564,610,907	2,395,511,865	2,400,944,715	2,872,469,250	2,745,568,191	2,679,180,140	2,639,763,225	1,420,298,300	1,446,931,300
Debt Service	85,618,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	82,686,078	98,748,316	77,208,003	66,249,353	80,177,500	134,909,200
Employee Reforms												(256,699,800)
TOTALS	\$34,525,328,492	\$37,277,724,042	\$39,077,762,617	\$39,297,181,602	\$39,388,261,316	\$40,375,490,414	\$41,328,338,653	\$41,945,183,846	\$43,562,546,601	\$45,518,414,742	\$45,254,192,480	\$47,099,168,100



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 11, 2010

Ladies and Gentlemen of the Legislature and Citizens of the State of Michigan:

Article XI, Section 5, of the Michigan Constitution of 1963, provides that increases in rates of compensation for employees in the state classified service, authorized by the Civil Service Commission, require prior notice to the Governor. The Constitution also requires that I, as Governor, transmit such increases to the Legislature as part of my budget.

On December 19, 2007, the Civil Service Commission approved multi-year collective bargaining agreements with five state employee unions representing nine bargaining units for Fiscal Years 2009, 2010 and 2011. The Michigan Court of Appeals has indicated that notwithstanding the Commission's broad constitutional authority, the Commission cannot modify a previously ratified and unexpired contract. Fiscal Year 2011 pay adjustments contained in all of these agreements are reflected in this transmittal.

The Michigan State Police Enlisted unit is currently in the process of negotiations, thus, it is not included in this correspondence. The Civil Service Commission did not approve any pay adjustment for non-exclusively represented state classified employees.

Attached is a cost summary of all the Civil Service Commission's pay actions for Fiscal Year 2011 prepared by the Office of the State Employer. The cost of this adjustment for Fiscal Year 2011 is estimated to be \$77.3 million including the state's share of the Federal Insurance Contribution Act (FICA) and retirement contributions.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Granholm", written over a horizontal line.

Jennifer M. Granholm
Governor

Attachment



Summary **Michigan State Classified Service** **Fiscal Year 2011** **(10/01/2010 - 9/30/2011)**

	A-2 MSEA Sal & Reg	A-31 MSEA Labor & Trades	C-12 MCO Security	E-42 SEIU 517M Human Srv. Support	H-21 SEIU 517M Scientific & Engineering	L-32 SEIU 517M Technical	T-01 MSPTA State Police Enlisted ¹	U-11 AFSCME Institutional	W-22 UAW Human Srv.	W-41 UAW Admin. Supt.	MSC's & NERES ²	TOTAL ALL UNITS
Number of FTEs	1,279	2,353	8,790	926	2,223	967		2,192	9,742	6,594	14,646	49,712
⁴ Avg. Hourly Salary - 10/03/09	\$ 24.15	\$ 22.24	\$ 23.47	\$ 20.87	\$ 31.52	\$ 23.42		\$ 20.00	\$ 25.23	\$ 20.55	\$ 32.93	\$ 26.33
Base Pay Adjustments for FY 2011												
3% Base Pay Increase 10/01/10	\$ 1,934,815	\$ 3,277,996	\$ 12,922,713	\$ 1,210,557	\$ 4,389,120	\$ 1,418,617		\$ 2,746,138	\$ 15,396,327	\$ 8,488,140	\$ -	\$ 51,764,422
Additional Roll-up Cost Resulting from Base Pay Increase												
⁵ FICA Ret. Blended Rates	35.68%	36.66%	38.19%	31.21%	34.77%	35.49%		35.26%	34.25%	36.52%	39.10%	36.86%
⁵ FICA Ret. on Base Wage Increase	\$ 690,342	\$ 1,201,713	\$ 4,935,184	\$ 377,815	\$ 1,526,097	\$ 503,467		\$ 968,288	\$ 5,273,242	\$ 3,099,869	\$ -	\$ 18,576,017
⁶ Life Insurance Increase	\$ 21,128	\$ 35,796	\$ 141,116	\$ 13,219	\$ 47,929	\$ 15,491		\$ 29,988	\$ 168,128	\$ 92,690	\$ -	\$ 565,486
⁷ Long Term Disability Increase	\$ 17,800	\$ 30,158	\$ 118,889	\$ 11,137	\$ 40,380	\$ 13,051		\$ 25,264	\$ 141,646	\$ 78,091	\$ -	\$ 476,417
⁸ Overtime Increase	\$ 88,368	\$ 210,188	\$ 1,919,150	\$ 263,097	\$ 88,067	\$ 140,963		\$ 348,460	\$ 723,320	\$ 155,016	\$ -	\$ 3,916,649
⁹ Shift Differential Increase	\$ 10,517	\$ 8,478	\$ 311,618	\$ -	\$ 105	\$ 1,359		\$ 51,424	\$ 22,121	\$ 7,724	\$ -	\$ 413,346
FICA/RET on OT and Shift Diff. Inc.	\$ 28,153	\$ 80,163	\$ 851,930	\$ 82,112	\$ 30,658	\$ 50,510		\$ 140,999	\$ 255,314	\$ 59,433	\$ -	\$ 1,579,272
FY 2011 3% ATB Cost	\$ 2,771,144	\$ 4,844,491	\$ 21,200,601	\$ 1,957,937	\$ 6,122,356	\$ 2,143,459	Unknown	\$ 4,310,562	\$ 21,980,098	\$ 11,980,962	\$ -	\$ 77,311,609

¹ Negotiations are in progress for the contract term beginning FY 2009.

² A wage adjustment is not scheduled for FY 2011

³ Actual Regular Time in FY 2009 - Comptroller Object Codes 3010, 3015, 3020, 3260, 3264, 3265, 3270, 3275, 3280, 3285. (Excludes non-career as their pay is not impacted by a general increase.)

⁴ MIB, VTSR, HRM, EMPLOYEES, PP 21. Employment Status Code = AA, AB, AC, AD, AE, AP.

⁵ FICA/RET rates for FY 2011 provided by SBO. Unit rates are weighted by enrollment in each retirement code as of 10/3/09.

⁶ Life insurance increase on incremental cost increase. Annual \$5.46 per \$1000 of extra coverage (FY 2010 rate).

⁷ FY 2010 rate - (Increase/100)*92.

⁸ Based on FY 2009 overtime amount with FY 10 (11%) - Comptroller Object Codes 3050, 3055, 3060, 3070, 3075, 3080, 3110, 3115, 3120.

⁹ Based on FY 2009 shift differential hours.



LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2011

BUDGET RECOMMENDATION

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Agriculture	Dairy Fees	MCL 288.501; MCL 288.503; and MCL 288.670
	Animal Control Officers and Shelters; Repeal of Pet Shop Language	MCL 287.261 et seq.; and MCL 287.331 et seq.
	Michigan Agriculture Environmental Assurance Program	MCL 324.8707
	Migrant Labor Housing Licensing Fee	MCL 333.12412; and MCL 333.12431
Community Health	Homes for the Aged: Employee Background Checks	MCL 333.20173a
	Adult Foster Care Facilities: Employee Background Checks	MCL 400.734b
	Commission on Services to the Aging Per Diem Payment	MCL 400.583
	End Drug Immunity	MCL 600.2946
	Institute Physician Quality Assurance Assessment Program	MCL 333.16302 (New Section)
Corrections	Special Alternative Incarceration Boot Camp – Extend Sunset	MCL 791.234a(13)
	Sentencing Credits and Community Residential Program	MCL 791.220g, et seq.; MCL 800.33, et seq.; MCL 769.12
	Council of State Governments Recommendations	MCL 791.408; MCL 791.233; MCL 791.233e; MCL 791.234 through MCL 791.235
Energy, Labor and Economic Growth	Establish State Fire Services Fund	MCL 29.2c
Higher Education	Establish a Michigan Promise Income Tax Credit	MCL 206.1 to MCL 206.532; (New Section)
	College Tuition and Fees Tax Credit	MCL 206.274 (Repeal)

LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2011

BUDGET RECOMMENDATION

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Human Services	Adoption Subsidy Program – Extend Eligibility to Age 20	MCL 400.115j
	Subsidized Guardianship Program – Extend Eligibility to Age 20	MCL 722.876; MCL 712A.19a; and MCL 712A.19c
	Foster Care Program – Extend Eligibility to Age 20	MCL 400.18c; MCL 400.203; MCL 722.111; MCL 722.115; and MCL 712A.2a
Natural Resources and Environment	Refined Petroleum Fund – Extend Sunset	MCL 324.21550
	Expedited Fee – Extend Sunset and Expand Statewide	MCL 324.4112; MCL 324.4113; and MCL 235.1004a
School Aid	Michigan Public School Employees Retirement System Reforms	MCL 38.1301 through MCL 38.1408
State Police	Transfer Officer's Survivor Tuition Program to Higher Education	MCL 390.1242
	Expand Uses of Secondary Road Patrol Fund	MCL 257.629e
	Increase Fingerprint Fee and ICHAT Name-based Criminal Record Check Fee – Remove Sunset	MCL 28.273
	School Bus Inspection Program	MCL 257.715a; MCL 257.1839; and MCL 257.1843
Statewide	Michigan State Employees' Retirement System Reforms	MCL 38.1 et seq.
Transportation	Expand Uses of Transportation Economic Development Fund	MCL 247.901; MCL 247.911

LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2011

BUDGET RECOMMENDATION

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Treasury	Establish a Rental Vehicle Fee to Support Michigan Promotion Fund	MCL 125.20 through MCL 125.1094 (New Section)
	Bureau of State Lottery Reforms	MCL 432.33(1)(2); and MCL 432.12(2)
	Angel Investors Venture Capital Tax Credit	MCL 206.1 through MCL 206.532 (New Section)
	Michigan Business Tax Gross Receipts Rate Reduction	MCL 208.1203
	Michigan Business Tax Surcharge Reduction	MCL 208.1281
	General Sales Tax Act – Sales Tax on Services	MCL 205.51; MCL 205.52; MCL 205.60; MCL 205.69; MCL 205.73; and MCL 205.75
	General Sales Tax Act – Use Tax on Services	MCL 205.92; MCL 205.93; MCL 205.96; MCL 205.97, MCL 205.101; and MCL 205.110

